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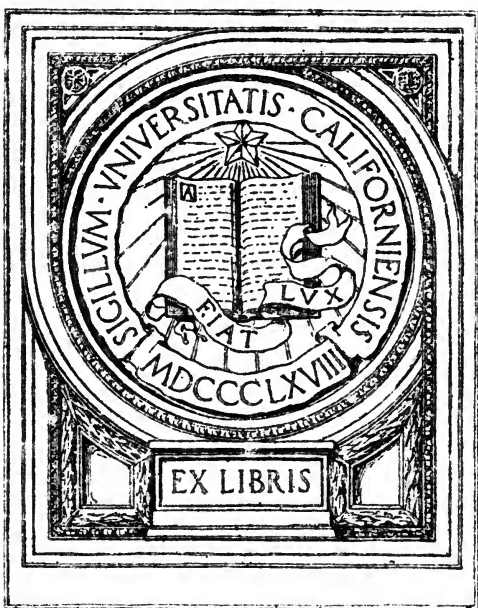


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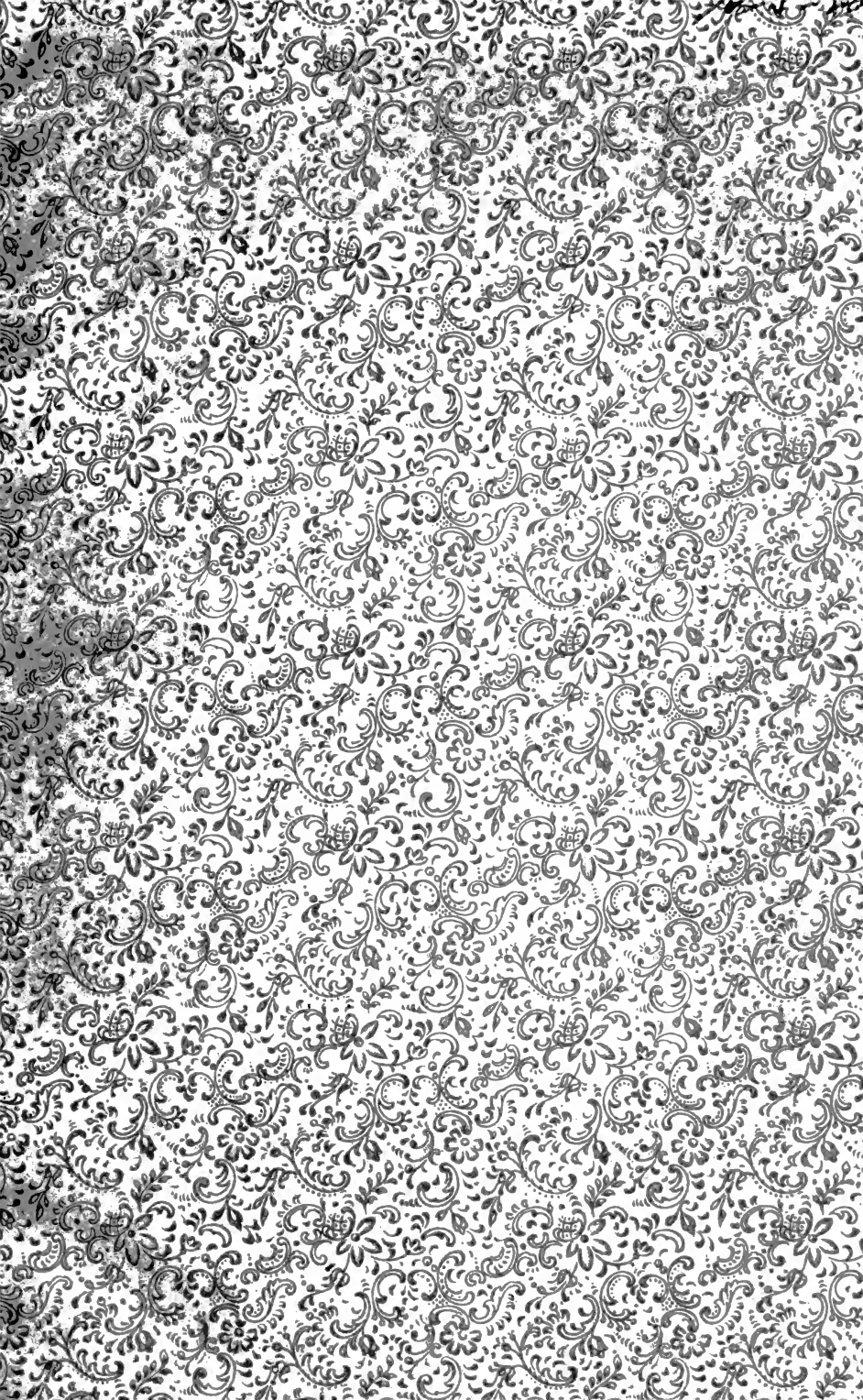
HOW TO BUY AND SELL
REAL ESTATE
AT A PROFIT

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How to Buy and Sell Real Estate at a Profit

A Handbook
for Everyone Interested in the
Subject of Real Estate

By

W. A. CARNEY

Author of "New Secretary's Manual"

Published by the Author
at Los Angeles, California
1905

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PREFACE

In this book the author has endeavored to collect, classify and arrange in an orderly manner information and practical forms relating to the acquisition, ownership and disposition of real estate. So far as the author is aware, no book covering precisely the same ground has been published, and he believes that the information contained within the compass of these covers will serve a definite purpose and be of determinate value to the public at large.

THE AUTHOR.

Los Angeles, Cal., April, 1905.

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HOW TO BUY AND SELL REAL ESTATE AT A PROFIT

CHAPTER I.

OF REAL ESTATE IN GENERAL.

Property Defined—Lands, Tenements and Hereditaments—Fixtures, Appurtenances and Estates—Ownership—Title—Sources of Title—Acquisition of Land—Limitations of the Subject.

Section 1. Property is anything of which there may be ownership. Land, buildings, clothing, domestic animals, copyrights, and the good will of a business, are examples of property. There are two kinds of property—real and personal.

Sec. 2. Real Property is divided into two classes—corporeal and incorporeal.

Sec. 3. Corporeal Real Property includes all things which are visible and capable of possession, such as lands, mines, rights of way, water courses, etc.

Sec. 4. Incorporeal Real Property consists of rights and profits issuing out of and annexed to corporeal real property, such as rents, etc.

Sec. 5. Land comprises the solid material of the earth, including that which is visible, as well as that which lies under lakes and rivers, and it extends from the center of the earth to an indefinite distance upward. All things growing upon or built on land, as well as all metals and mines beneath the surface, are considered a part of the land. Buildings upon land are so generally understood to be a part of the land that they will pass with the land in a deed of conveyance without being named.

Sec. 6. Lands, Tenements and Hereditaments. The phrase, "lands, tenements and hereditaments" includes:

- (1.) The land itself.
- (2.) Anything, either lands or buildings, which may be held by a tenant.
- (3.) Everything which passes from the ancestor to the heir.

Sec. 7. A Fixture is an article which may be either real or personal according to circumstances. A thing is said to be affixed to land when it is attached to it by means of roots, as in the case of trees, vines and shrubs; or imbedded in it, as in the case of walls; or permanently resting upon it, as in the case of buildings, or permanently attached to that which is so permanent, as by means of cement, plaster, nails, bolts or screws.

Sec. 8. An Appurtenance is that which is incidental to or by right used with the land for its benefit, as in the case of a fence, gate or windmill.

Sec. 9. An Estate is the degree, nature, quantity or interest which one has in real property. In respect to the duration of their enjoyment, there are four estates in real property, namely:

(1.) Estates of Inheritance, or perpetual estates. Every such estate is a fee—that is, an estate which may continue forever, and is the largest possible estate,—and every such estate which is not defeasible or on condition, is a fee simple or absolute fee.

(2.) Estates for Life. A person, that is to say, Smith, owning a parcel of land, may grant it to Jones, to be held by Jones as long as Jones lives. In such case, Jones' interest in the land would be termed a life estate, and Jones would be a tenant for life. The duty of the life tenant is to so care for the property as to prevent deterioration or waste from neglect or decay. He may make reasonable use of wood on the premises for fuel, fences or repairs. The tenant for life may lease the property or occupy it himself. He cannot sell or mortgage the property, nor dispose of it at his death, but he may sell or mortgage his life-ownership or interest.

(3.) Estates for Years, or Leasehold Estates, are contracts for the possession and profits of real estate for a fixed period with reservation of rents.

(4.) Estates at Will, are the letting of land by one person to another, to be held at the will of the party so letting it. Estates at will have been found to be so uncertain that they have become well nigh obsolete as the tendency of the courts is to construe them to be tenancies from year to year.

Sec. 10. A Reversion is the residue of an estate left, by operation of law, in the grantor or his successors. The fee simple of all lands must abide in some one, and if he who before possessed the whole estate, carved a smaller estate out of it and granted it away, whatever was not so granted, remained in him.

Sec. 11. A Remainder is a future estate, other than a reversion, and is dependent on some estate which preceded it. Thus, in the case above, where Smith granted a life estate to Jones, the interest which Smith still had in the land would be an estate in reversion, as the land would revert to Smith, or his successors, upon the death of Jones. Again, if Smith were to grant a life estate to Jones, the land to become the property of Brown upon the death of Jones, the interest which Brown had in the land while Jones was in possession, would be called an estate in remainder. A remainder is limited to a third person; a reversion belongs to the grantor.

Sec. 12. Ownership. The ownership of a thing is defined to be the right of one or more persons to use and possess it to the exclusion of others. The right of ownership in land was recognized as far back as the days of the patriarch Abraham. Persons are natural or artificial. A natural person is a living human being. An artificial person, or a corporation, as it is called, is a creature of the law and has certain powers and duties of a natural person. The owner of the land in fee is entitled to the surface and to everything permanently situated above or below it. He may grant the minerals and remain the owner of the surface of the land; or he may grant the use of the surface of the land and remain the owner of the minerals by specifically excepting the minerals in the grant. All property has an owner. Public property is owned by the State; private property by individuals. Any person, capable of making a contract, be he citizen or foreigner, may take, hold and dispose of both real and personal property. Ownership may be absolute or qualified. In absolute ownership, a single person has absolute dominion over the property, and may use or dispose of it at his pleasure, subject only to general laws. In qualified ownership, two or more persons participate as owners, or, the time of the enjoyment of the property is deferred or

limited, or, the use to which the property may be put is restricted.

Sec. 13. Real Property in each State is governed by the law of that State, except as to property the title to which is in the government of the United States.

Sec. 14. Community Property is that acquired by husband and wife, or either, during marriage, when not acquired as the separate property of either.

Sec. 15. Curtesy is the life estate which a husband has in the property of his wife after her death.

Sec. 16. Dower is the life estate which the wife has in her husband's property which was acquired during their marriage, and usually means one-third of the estate.

Sec. 17. Title is defined to be the means whereby the owner has just possession of his property.

(1.) A Perfect Title is one that is good and valid beyond all reasonable doubt. It should be free from litigation, palpable defects and grave doubts, should consist of both the legal and the equitable title, and should be fairly deducible from the public records.

(2.) Titles are good, marketable, doubtful or bad. A good title is one which entitled the owner of the property or estate to the lawful possession thereof.

(3.) A Marketable Title is one which a court of equity would consider to be so clear that it would enforce the acceptance of such title by a purchaser.

(4.) A Doubtful Title is one which a court of equity would not enforce and yet one which would not be defective enough for a court to declare bad. A bad title would convey no property whatever.

Sec. 18. Under the English law the original source of title is in the king, and under our laws it is in the government of the United States. [In evidence of such original title, the government issues a written instrument called a patent. In some instances, notably in the case of the State of California, some of the titles originated in a prior form of government and were confirmed by the United States. The territory now comprising the State of California was acquired from the Mexican Republic, February 2, 1848, by the treaty of Guadalupe Hidalgo. All rights or titles to land acquired by private par-

ties or municipal corporations, under the Spanish or Mexican Governments, prior to the above mentioned treaty, were by such treaty recognized and granted, and subsequently were officially ascertained and settled by a Board of Land Commissioners, from whose decision appeal could be taken to the Federal Court. Letters patent of the United States were issued upon final decision in favor of the claimant. These patents have been held not to create a new title but to confirm and establish the former title. All lands in California, the title to which were not so confirmed by the Board of Land Commissioners or the Federal Court, became absolutely the property of the United States.

Sec. 19. Acquisition of Land, or Acquiring Title. Lands are acquired:

(1.) By occupancy, or the settling upon and holding of lands for the terms prescribed by the laws of the several States (from ten to twenty years). Such occupancy confers a sufficient title except as against those who have a better title to the same premises. Such occupancy must be an "adverse possession," as it is called; that is, the party in possession of the premises must be there under some claim of right, and his possession of the premises must be actual, open, notorious and continuous during the whole period which the law says a man must be in possession in order to acquire title in that way. A person who acquires title in this manner is generally called a "squatter." Title to the public lands cannot be acquired by a "squatter," as the statute of limitations does not run against a State or against the United States. Adverse possession is a sort of negative title which deprives others of the power of ousting the occupant.

(2.) By Accretion. Where land forms by imperceptible degrees upon the bank of a stream, either by accumulation of material or receding of the stream, such land belongs to the owner of the bank. This process is called Alluvion. Any property affixed by one person to the land of another, without an agreement permitting its removal, belongs to the owner of the land.

(3.) By Transfer. A transfer is an act of the parties, or of the law, whereby the title to property is transferred from one

living person to another. Any person claiming the title to real property may transfer it, although at the time it may be in the adverse possession of another. The party making the transfer is called the transferrer and the party receiving the transfer is called the transferee. A transfer in writing is called a grant, or conveyance, or bill of sale, and vests in the transferee the actual title to the thing transferred, with all its incidents, unless a different intention is expressed. The transfer, however, of the incident to a thing will not transfer the thing itself: thus, the transfer of a farm will also transfer a well of water in it; but the transfer of the well of water would not transfer the farm.

(4.) By Succession, or the coming in of another to take the property of one who dies without disposing of it by will. This is also termed descent, or hereditary succession, and is the title the heir at law acquires upon the death of his ancestor. The law of descent has reference to real estate, which, if not disposed of by will, descends to the heirs; the law of distribution has reference to personal property, which if not bequeathed, is to be distributed among the next of kin according to the statutes of distribution.

(5.) By Will, or the disposition of real or personal property by a person, called the testator, by his last will and testament, to take effect after his death.

Sec. 20. Personal Property includes all movable property such as household furniture, monies, stocks and bonds of corporations, live stock, evidences of debt, etc.

Sec. 21. Limitations of the Subject. The subject of real estate is extensive and intricate, particularly with respect to some sub-divisions of it, such as future estates, contingent remainders, descent and distribution and the like, and the scope of this work in relation to real estate in general is necessarily limited to such definitions and data as will enable the student or reader to follow intelligently the principal topic discussed, namely, the buying and selling of real estate.

CHAPTER II.

THRIFT, OR ACCUMULATION OF CAPITAL.

Real Estate the Highest Form of Property—Real Estate a Necessity—The Acquisition of Property Implies Moral and Intellectual Qualities—Capital is Needed to Acquire Property—Capital the Result of Saving—How to Save—The Saving Habit a Valuable Asset and Easily Acquired—No Time so Opportune as the Present—Rules of Thrift Laid Down by Russell Sage—The Desirability of Owning a Home—Setting the Money to Work—Going Judiciously Into Debt—Savings Banks and Building and Loan Associations—What Sort of Investments to Avoid.

Sec. 22. Land, because of its immovability, its indestructibility, and its relative permanence in value, as well as on account of the many fine sentiments that cluster about its ownership, always has been and is now esteemed above all other forms of property.

Sec. 23. "Private property," says St. Thomas, "is necessary to human life for three reasons: first, because everyone is more solicitous to look after what belongs to himself alone than what is common to all or many; secondly, because human affairs are handled more orderly when on each individual is the care of managing something; thirdly, because thereby a peaceful state of society is secured, while each one is content with his own."

Sec. 24. Economists tell us that a man's capital is a fund of wealth through which he expects to receive an income. The acquisition of wealth implies certain moral and intellectual qualities. The power of saving and of postponing enjoyment is necessary to the formation of capital. A man who desires to accumulate capital will have to pursue the object steadily and under difficulties for a considerable length of time, and he must have a will strong enough to curb his appetites and an imagination broad enough to foresee the advantages which will accrue from the possession of capital; and that by means of capital he can lessen his toil and cease active efforts with a sense of comparative security in his declining years.

Sec. 25. To acquire property, one must have some money. It is difficult to save money and still more difficult to invest it profitably. A man must succeed in something to be happy. He must save to succeed. He can save, if he will make it a fixed rule and principle of his life to invariably spend less than he earns. If a man will do this, he will begin to accumulate capital.

Sec. 26. In regard to saving, there is no time so opportune as the present in which to begin. If a man neglects to save in his earlier years, he may not have as good an opportunity to do so later in life. "No morning sun lasts the whole day." The habit of saving must be formed. Habit is the regular performance of an act until it becomes almost involuntary or a second nature, requiring but little effort or thought. The man or woman who acquires the habit of saving early in life has a most valuable asset. Begin to save, repeat the act a few times regularly and the habit will do the rest.

Sec. 27. When one first begins to save, he should place his money in a savings bank, where it will draw interest, and thus set the money to work. All reputable savings banks pay about the same rate of interest, and such being the case, there are but two points for the intending depositor to consider: one is the safety of the deposit and the other is the selection of a bank where his business relations will be pleasant and agreeable.

Sec. 28. Savings banks are required to publish statements annually, and an idea of the safety of a particular bank can be obtained from its statement. Its resources should be in cash or in items readily convertible into cash, such as coupon bonds and corporate stocks. It should have a fair portion of its assets in ready cash. Its liabilities should show a good paid-up cash capital and proportionate deposits. There should be an item of surplus or undivided profits, which will indicate that the bank is prosperous and is making money. Its directors and its principal shareholders should be men who have accumulated fortunes in reputable, legitimate, non-speculative lines of business.

Sec. 29. Or, the budding capitalist may invest his savings in the stock of a building and loan association of known worth. He should examine the annual statement, and inquire into the standing of the directors and principal stockholders of the association, and also make inquiry among outsiders as to the reputation of the association. Such an association loans the monies collected from its stockholders on improved real estate, the appraised value of which is generally made by men of excellent judgment, and the rule is to loan not over fifty per

cent of the appraised valuation. The loans made by the association are distributed over a large number of properties, so that the security is apparently much safer than if the individual were himself to loan his money on one parcel only, and the rate of interest is usually higher than that paid by a savings bank, being from 6 per cent to 10 per cent paid by the association as against 4 per cent paid by the bank.

Sec. 30. Mr. Russell Sage, who has been known for many years as one of the leading financiers of the world, has laid down the following rules for the guidance of those who desire to accumulate capital: Thrift is the foundation of success in business, of contentment in the home and of standing in society. Out of every dollar earned, save twenty-five cents; save seventy-five cents, if you can, but never less than twenty-five cents. Don't gamble. Be circumspect in your amusements. Be courteous in your manners; bad manners often spring from a bad heart. Be honest. Always have the courage to speak the truth. Don't depend on others. Even if you have a rich father, strike out for yourself. Cultivate independence at the very outset. Learn the value of money. Realize that it stands, when honestly made, as a monument to your value as a citizen. This is a tremendously practical world, and no man can get the most out of the world who is hampered by a constant want of money.

Sec. 31. Every married man should make a vigorous effort to own a home. As soon as he has accumulated sufficient money, he should invest in a home, where his family may live permanently. A home owned is more than mere property; it speaks to the heart, enlists the sentiments and ennobles the possessor. Viewed as a matter of economy, a man can occupy a home of his own at less expense than he can rent, and avoid the inconvenience and expense of frequent removals. In addition, if he buys right, he may have the satisfaction of knowing that his property is steadily increasing in value while he occupies it.

Sec. 32. Credit is defined to be the trust or confidence placed by one individual in another when he assigns him money or other property in loan, and gives him a stipulated time for repayment. The credit so extended is often spoken of as go-

ing in debt, and is viewed in some quarters with a sort of horror. Paradoxical as the assertion may seem, it is safe to say that no man ever accumulated much property without judiciously going in debt. The fact that a young man has the courage to go into debt to provide a home for his family of itself inspires confidence; and so in the larger and more speculative deals in real estate, the man who has the temerity to go judiciously into debt, leaving a safe margin between his assets and his liabilities, is looked upon with favor by bankers and capitalists, who extend credit, as it is to their advantage to keep their money employed on good security in earning interest. If everyone were to wait until he could pay cash in full for each parcel of real estate he purchased, the transactions in real estate would be limited in number and a few individuals would be large land owners. This state of things is overcome by the partial payment of the purchase price in money and by the giving of credit for the remainder.

Sec. 33. There are certain species of investment which the investor who desires to be successful, will avoid, at least until he has accumulated so much that a slight loss will not materially embarrass him and until he is thoroughly familiar with investments in general. Among the things to be avoided are the treasury stocks of mining companies, rubber plantation schemes, buying diamonds on the installment plan, and in fact, every get-rich-quick scheme. No legitimate enterprise can pay from 15 per cent to 300 per cent per annum, for any great length of time, and meet its obligations. The corporate bond, which apparently promises absolute security, is not always secure, and guaranteed stock is a misnomer. Every young man and woman should make one resolve early in life, and that is to buy no shares of treasury stock. Stock certificates, in many cases, are the equivalents of so much paper. Paper is cheap.

Sec. 34. On the contrary, it may be stated, as a general proposition, that real estate is the most judicious investment, as it enhances in value the most steadily, and yields the best returns. The security, the increase, and the income are the three essentials to be sought for in making an investment.

CHAPTER III.

HOW AND WHERE TO BUY.

This Chapter Concerns City Lands and Country Lands—Importance of Close Buying—Exercising Good Judgment—What Good Judgment Consists of—Qualities Requisite in the Successful Operator—Most Successful Man is He Who Makes Closest Analysis—How to Strengthen the Judgment—Suggestions from Real Estate Brokers—Points to be Kept in Mind—Center of Business—Expansion from Center Generally in One Direction—Object of Buying at Center—Advance Information as to Contemplated Improvements—Frontage Measure of Gain—Corners—Points to be Considered in Buying a Home Place—How to Get at the Facts—Counseled to Buy Slowly—Elucidation of Old Maxim “Let Buyer Beware”—Paying All Cash and Paying Part Cash; Illustration—Figuring Percentages; Importance of Knowing How—Undesirable Properties; What the Investor Should Avoid—Good Advice from a “Mortgage Lifter”—Modern Farming Reduced to a Science—Opportunities in the Northwest—Farming Lands Steadily Growing in Value—Farming Safe and Profitable—Effect of Suburban Trolley Lines on Farming Lands—Big Demand for Newer and Cheaper Lands—Farm Buyer Must be Guided by His Health, Tastes and Previous Training—Real Estate Purchase Chart for City Buyers, with Comments Thereon.

NOTE. In this connection, read also Chapters on “Options and Purchase Agreements,” “Deeds,” “Mortgages and Trust Deeds,” “Taxes and Insurance,” “Certificates and Abstracts of Title,” “Escrows,” “Making a Loan,” and “How and When to Sell.”

Sec. 35. A man of excellent judgment, who had made a close study of the matter, said: “The majority of people take a long time in which to buy, a long time in which to sell, and no time to study their investments; whereas, they should study the investment a long time, buy slowly and sell quickly when prices have reached the goal point.”

In any line of business, one may buy more readily than he can sell; therefore, it becomes necessary to exercise the greater care in buying. In merchandising, good buyers assert that more profit is made in close buying than in any other part of the business. Judicious and economical buying depends on the exercise of judgment.

Sec. 36. “Judgment is that faculty of the mind whereby one thing is perceived of another and the reverse, and a ready conception gained thereby of things and events.” In order to exercise judgment, one must cultivate the power of giving attention. It is a power that may be cultivated by anyone, and simply means to analyze, compare and weigh every report that is brought to the mind by the senses. The acquisition of accurate and exact knowledge of things and events can only be gained by attention and application. He who so gains knowledge must have full confidence in his own ability to correctly compare one thing with another before he can impress that

ability upon others. Such ability is soon recognized and the man possessing it is said to have "good judgment." If he be a real estate dealer, cautious capitalists ask him to decide before they loan money on a mortgage or purchase real estate. His advice is sought by rich and poor alike and a large portion of the investing public waits on his word. His inherent ability alone would not have sufficed; it was by paying attention that he acquired materials for reflection, formulated rules of action and maxims of conduct, which at length cumulated into sagacity or judgment, that quality of the mind which, above all others, distinguishes one man from another.

Sec. 37. "Confidence, courage and capital," said a leading real estate dealer of Los Angeles, "are the foundation stones on which to rear a large city," and these also are the elements requisite for the successful buying and selling of real estate. The qualities requisite in the successful real estate operator are: (1) aptness and resourcefulness; (2) ability to quickly grasp and comprehend the conditions; (3) alertness to take advantage of opportunities, (4) and the power to patiently master detail.

Sec. 38. Men who have made a success in a particular line of business are said to be "lucky"—favored by fortune, the multitudes think. Such men, consciously or unconsciously, follow a system, pursue a method, and analyze a proposition along lines that lead to success. The minute observation, close study, serious thought and good judgment, exercised by such men are overlooked or minimized. A war correspondent states that the success of the Japanese at Port Arthur was due to a previous thorough analysis of the method of reducing that fortress. He writes: "The Japanese have a passion for detail and a mania for precision; they are so practical they must plainly see on paper what they project. They live by system. They have reduced accomplishment to a problem of economics. They believe, with some of the greatest minds, that the most successful man is he who makes the closest analysis."

Sec. 39. The intending investor, even before he has accumulated any money, can cultivate and strengthen his judgment by taking note of the sales of real estate. Let him as-

certain by inquiry as many details as possible of each sale and the opinion of men apparently qualified to know, as to whether or not the place was sold at a bargain price. He thus will become acquainted with the value of property and when he is prepared to buy will be in a position to buy to good advantage. If one is too busy to look up a desirable place to purchase, he should consult a reliable real estate broker, and ascertain if the broker has on his lists any properties such as the purchaser desires. If he has none, he will gladly seek them for the proposed purchaser at no expense to the latter. The broker may be able to give the purchaser valuable suggestions as to the history and prospective value of any property examined. Real estate brokers as a rule are ready talkers and the buyer should receive their random recommendations with caution, and endeavor to cultivate his own judgment as to real estate values. The writer does not wish to be placed on record as decrying real estate brokers; they have been sufficiently maligned. Real estate brokers create and stimulate activity in real estate transactions and without them, in many cases, real estate values would decline and the real estate market be very dull indeed.

Sec. 40. In buying real property, the buyer should keep in mind four important points, viz:

- (1.) The object or end for which the property is intended.
- (2.) If the property in question fulfills, or will fulfill, that object.
- (3.) If the property can be purchased at the minimum of cost.
- (4.) Is the property readily salable at cost?

Sec. 41. In every city, there is a point which is conceded to be the center of the business district. That point is apparently determined by the number of people who pass a given spot within a certain time. If fifty persons per minute pass a given spot as against one person per minute at another point, it is evident that the ratio between the two for advertising and sale purposes is nearly fifty to one. For this reason, merchants pay enormous rents for the sake of locating where the people "most do congregate." From this center of business, there will be lines of business radiating in all directions. With the advent

of new and a better class of improvements, the center of business will change, and change, as a rule, in one direction, and that direction will be determined by the length and width of the principal business streets, and the character of the improvements thereon. As the change goes on, there will be a "decaying" end and a "growing" end of the city. To buy in the "decaying" end, would be to buy where property is at a standstill or is depreciating. Property in a "decaying" section will not be readily salable, as there will be little demand for it. Merchants will be forced to leave the "decaying" end and come as close as possible to the active center in order to retain customers. The observant, judicious investor will take note of the tendency of events in his city, and will buy, according to his means, in advance of the growth of the business section, and hold the property until a demand is created. Real estate at the time he buys, may be dull and dormant; so much the better, as he will then be able to buy at a bargain price and upon his own terms; but he must have the foresight to see that there surely will be a demand in the future for the property by reason of expansion of business and increase in population. His purchase should be something that somebody else eventually must have.

Sec. 42. The ultimate object of acquiring land in the center of the business district is to obtain the highest and most continuous returns in the way of rent. The merchant, who is the tenant, must pay a uniform rent whether trade is dull or brisk. The merchant pays not only for the use of the land and the improvements, but for whatever adds to the value or desirability of the location. Where several separate parcels of land are equally accessible and good, that which is most central will be most desirable, provided the improvements thereon are as good as those on the surrounding parcels. The center is limited in area, of necessity, and the demand for it is greater than the supply. Where the value of real estate consists principally of buildings and improvements, as is the case in cities, location becomes of paramount importance. Men naturally like to measure their wealth and enterprise with their fellows, and, if possible, to out-class them; hence, when the increase of population warrants capitalists in doing so, they erect new and modern business buildings which draw tenants, even at

higher rates of rental, from the older buildings of competing capitalists. The highest types of modern business buildings are almost always erected on corners where light and air are accessible on two sides thereof, and the change in the center of business will leap along the principal street, from one cross street to another, in the direction of improvement.

Sec. 43. The erection of new improvements—sometimes the report that new improvements are projected—will give an impetus to the values of adjoining properties, and the increase in values will be the more pronounced if the improvements are such as will concentrate a large number of people at a given point. The improvements concentrate the people; the people draw the merchants; the merchants demand the store rooms; the land owners either improve or sell to those who desire to improve, and the demand being greater than the supply, values rise. Advance information of projected improvements enables one to buy in a choice locality and to the best advantage. Transfers of real estate are reported through the medium of the newspapers, by real estate agents, who take credit for the sale, together with a statement of the nature of the projected improvements, and such reports are given out almost as soon as the deals are made; but the improvements many times are not erected for months afterwards. By buying close to where improvements are to be made, one may take advantage of the rise in values which improvements will bring about. All reports as to contemplated improvements should be investigated thoroughly, as investments cannot be successfully made on the strength of mere rumors. A source of great profit to the owners of electric roads are the land companies organized by them and which buy in advance of improvements along the lines of such roads.

Sec. 44. Where the intending investor is unable to pay several hundred dollars per front foot for close-in business property, he should go farther out, where prices range lower, or on to a side street, running parallel with the principal street, and there buy. At various points along the principal streets, usually at their intersection with cross streets, there is the nucleus of a little business community, and at one of these points the investment should be made. Corners are picked up

early and held firmly; they command higher prices than adjoining inside properties, but are generally more desirable as they are capable of more advantageous improvement. If the investor cannot secure a corner, he should buy an inside improved lot, from which he will obtain an income, and if that be beyond his reach, should buy an inside vacant lot adjoining or close to improved property.

Sec. 45. Where land is sold at so much per front foot, frontage, even though a lot be irregular in shape or shallow in depth, becomes the measure of increase in gain. The rate per front foot should always be taken into account, as that is the basis of comparing the relative value of two or more parcels, although one parcel, because of advantageous location or otherwise, may be more desirable than another. Extensive frontage is always desirable, particularly if it be partially improved and extends from a corner, and this is especially true if the improvements are on that portion most distant from the corner. The return in the way of rental from the improvements may be low as against the value of the entire parcel; but if the parcel be divided, and sufficient frontage retained for the improvements, the improved portion will show a higher and creditable rate in the way of rent, and can be more readily sold; and the corner, having an ample frontage on two sides for an ordinary business building, can safely be held until it can subsequently be sold at a considerable increase.

Sec. 46. Another means of gain open to the real estate operator is the placing of sub-divisions on the market. This, in effect, consists in buying land at wholesale and selling it at retail. (See also Chapter on Sub-divisions.)

Sec. 47. If the object for which the property is intended is a home, to be occupied by the purchaser and his family, it is manifest that there will be many more things to be taken into consideration than if the property be purchased as an investment merely.

When property is purchased for a home, it is important to consider:

- (1.) The general character of the neighborhood.
- (2.) The reputation of the immediate neighbors.
- (3.) The healthfulness of the locality.

(4.) The proximity to school and to the church edifice which the family will attend.

(5.) The distance from the home to the business office of the head of the family.

(6.) The situation of the house with respect to receiving the sun in front in the morning or in the afternoon.

(7.) The convenience of the interior arrangement of the house.

(8.) The cheerful or gloomy aspect of the structure, and numerous other points favorable and unfavorable.

Sec. 48. In getting at the facts, the prospective buyer, upon making his first inquiry in regard to a property, should let the owner or agent do most of the talking. The buyer should pay strict attention to what is told him and make a mental note of it as well as of everything shown him in connection with the property. The buyer should view the property by approaching it from several different directions. If the prospective buyer is desirous of asking questions, he will usually get better results by deferring his interrogatories until his second visit. He should then take the initiative and prosecute his probing with rapid, decisive and leading questions, not forgetting to introduce some inquiries which must, in the very nature of things, be unexpected on the part of the seller.

Sec. 49. The intending buyer should not immediately purchase the parcel of real estate first offered him at the price first named. He should ascertain the price, terms and other particulars of several like parcels in that and other localities, and compare one with another for the purpose of determining which offers the best investment. He should endeavor so to buy that if he were to sell tomorrow he could sell at a price in advance of that which he had paid; in other words, to buy "under the market."

Sec. 50. When the advantages of a particular piece of property have been pointed out to an inexperienced buyer, and he has allowed his imagination to revel in the possibilities of profit, or his pride to expand at the prospect of hearing the many compliments his friends would express were they to behold him snugly installed in that cozy dwelling, he is apt to manifest symptoms of feverish haste and a nervous anxiety to

purchase. The old rule to buy slowly should be adhered to by the inexperienced on all occasions. The intending buyer should disguise his anxiety, if he feels any, think the matter over for a few days, and endeavor to get a clear, calm and unbiased view of the proposition as an entirety. There may become incidental or secondary considerations that have been overlooked. The property may have been offered to others at a lower figure and declined for some reason.

Sec. 51. The rule is that the buyer is bound to use his eyes and ears to discover manifest defects in the thing sold. He takes the risk upon himself where the thing is subject to his examination, as it is in the case of real estate. "Let the buyer beware," is the old maxim. "The law presumes," says Curwen on Abstracts, "that the buyer will never rely on the opinion or random recommendations of the seller; and therefore any representations on the part of the seller, or his agent, as to his own opinion, or as to what others have told him regarding their opinion of the value of the property, or as to the chance of its increasing in value, or as to the probability of its being resold at an advance, even though the seller knows them to be false, do not amount to fraud." An assertion by the owner, or his agent, of a material fact, as, that the premises bring a certain monthly rental, may be relied on, as the misrepresentation of such a fact, if it be a material inducement to the other party in making his contract to purchase, entitles the person on whom it is practiced, to repudiate the contract. An action of deceit will lie against one who makes a false representation of a material fact, knowing it to be false, or when he makes it recklessly of his own knowledge without knowing whether it is true or not, and upon which another acts to his injury.

Sec. 52. The investor should understand that he will oftentimes not be required to pay cash in full when he buys. Occasionally he can buy for one-third cash, and frequently for one-half cash. Banks ordinarily will loan not over one-half of the appraised value of the property, such appraisal being placed on the property by the agent of the bank. Whenever he can do so, the buyer should endeavor, in the event that he is to pay only part cash, to have the seller take back a mort-

gage for the unpaid portion. In this way, he can obtain a larger loan on the property he is to acquire than if he went to a bank or some private party to obtain a loan. The mortgage should run for from three to five years, and if the borrower thinks he will be able to pay off the entire mortgage before the expiration of that time, a clause can be inserted to the effect that the borrower may pay off the mortgage at any time by paying the interest to the date of payment, and interest for one month additional as a bonus. Where a deal of this sort is made, the seller makes a deed, conveying the premises to the buyer, and the buyer, thereupon, pays part in cash and in evidence of the remainder gives the seller the buyer's promissory note, secured by mortgage on the premises. The deed and the mortgage are placed on record almost simultaneously. Let us suppose the investor to be buying an improved property, yielding an income in the way of rent of \$20 per month, or \$240 per annum, and that the price is \$4,000; that the seller is willing to accept \$2,000 in cash, the remainder to be evidenced by the mortgage note of the buyer for \$2,000, such note to be payable three years after date, to bear interest at the rate of 6 per cent per annum, net, payable quarterly, or interest amounting to \$120 per annum. If the buyer had paid cash in full, the rental of \$240 per annum would be equivalent to 6 per cent on the purchase price; as the buyer must care for the taxes, insurance and repairs, his income will be diminished by these items. On the proposition as above outlined, the buyer will receive an income of \$240 per annum, and will expend \$120 for interest and something for taxes, insurance and repairs, leaving an apparent surplus in his favor. His net return, or rate of interest, on his cash investment of \$2,000 will, of course, be less than 6 per cent.

Sec. 53. It is quite important that the investor should be able to figure percentages. How to multiply a given amount by a certain rate and obtain a correct result, is comparatively easy, but how to ascertain the rate when the amount of the percentage is given, is not so well understood. The rule is: Divide the number considered the percentage by 1 per cent of the other number. In the above illustration, let us suppose the investor, at the end of two years, sold the property for

\$5,000, the buyer to assume the mortgage, and that the insurance per year was \$10, the taxes, \$16, and repairs, \$14, a total of \$40 per annum, or \$80 for the two years. In this case we are considering the cost to the buyer as \$2,000, as that was the amount of cash he invested. The statement, therefore, would be:

Gain	\$1,000.00
Rent received, \$240 per annum x 2.....	480.00
	<hr/>
Total gross gain	\$1,480.00
Less taxes, insurance and repairs, \$40 per annum x 2.....	\$ 80
Interest, \$120 per annum x 2.....	240 320.00
	<hr/>
Net gain	\$1,160.00

One per cent of investment, \$2,000, is \$20; dividing \$1,160 by 20 equals 58, covering a period of two years, or 29% per annum, net.

Sec. 54. Undesirable properties should be avoided.

(1.) Don't buy key lots. To illustrate a key lot: Let us suppose that the principal street is called Main and that a street running at right angles with and across it is called Lincoln. Lots face on Main and are 150 feet in depth. The lot facing on Lincoln, immediately in the rear of the Main street lots, even though an alley intervened, would be a key lot. If the lots, as sub-divided, faced on Lincoln, instead of Main, and were each 50 feet in width by 150 feet in depth, someone might buy two of them and subdivide into three lots, each 50 by 100 feet, facing on Main, so that the third lot, in such case, would be a key lot. A barn, or the rear of a store, in either case, might obstruct the view of a house situate on the key lot. Some banks will not make loans on key lots.

(2.) Don't buy lots adjoining saloons, livery stables, blacksmith shops, planing mills, undertaking parlors, and the like. The inhabitants of houses close to this class of improvements are apt to be troubled with flies, disagreeable odors, noises or uncanny sensations.

(3.) Don't buy a corner lot on a street, the inhabitants of which take so much pride in the street and in its exclusiveness.

as a residence street that they would not trade with the occupant of the corner if it were improved.

Sec. 55. The real estate investor should buy and sell philosophically. If he finds, after having purchased, that he could have bought that particular lot at a lower price, or could have bought a more desirable lot at the same price, or after having sold, ascertains that he sold at too low a price on an advancing market, he should not do, as some have done, play the baby act and blubber, but rather should think a few intense thoughts. He should seek to know wherein his weakness lies and whether or not he had bought or sold too hastily and without sufficient investigation, and should make firm resolutions as to future conduct in this respect; otherwise, his subsequent transactions will be a repetition of previous errors. He should not worry; worry irritates but does not benefit. A calm analysis of the cause of the failure should lead to the determination to apply an efficient remedy in the future, and this course will strengthen the judgment. One should crystallize past experience into fixed principles for future guidance, and even go so far as to set down, briefly and tersely, such principles in a memorandum book, where they can be reviewed occasionally and kept fresh in the memory. The investor, before investing, should make up his mind to lose gracefully, if lose he must. As old Cargill said: "Any fool kin be a good winner, but the public has a lingerin' an' strong affection for the feller that kin smile when he's losin'. He's the real sport; he's the man they like."

Sec. 56. Several years ago a book entitled "Mortgage Lifters" was published, and in the introduction it is stated that "There are thousands and thousands of farmers in this great country who have bought farms with but very little cash to pay down, have given a mortgage for the balance, and in the course of a shorter or longer period have paid it off, and now own their farms free of all incumbrance." One of these "Mortgage lifters" gives the following good advice: "Marry a good wife, buy a farm, be honest, industrious and saving, trust in God, and go ahead." A young man should not fear to go in debt to a reasonable amount for a farm, provided he is healthy, industrious and ambitious. What constitutes a "reasonable amount" must be decided by each individual in view of all the circumstances.

Sec. 57. Farming in the twentieth century is not a mere matter of guess. Farming is being reduced to a science. The farmer studies the soil and its needs. The modern farm is a field of diversified interests. A portion is devoted to forage plants; another portion is set to an orchard of desirable trees and vines. The barnyards and barns are well arranged and enclose only the best of live stock. Every avenue is made to pay a profit on the investment. The farmer studies the soil and its needs. Irrigation to him is an agency of perfection in soil cultivation. Irrigation supplies moisture at the time when plants and trees require it and in the ratio demanded for correct growth. With judicious cultivation, seed time and harvest are certainties. The modern farmer is an educated power in the land. His influence is noticeable everywhere that men of determination and force of character are wanted. Many of our modern farmers are making from three thousand to ten thousand dollars per annum.

Sec. 58. Parts of Washington, Oregon and California, and other western states, offer good farming opportunities, and possess all of the natural conditions and few of the disadvantages of the older settled districts. The soil is good, climate desirable and natural conditions are adapted to general farming. No section, however, offers homes to men who will not work. Farms are made and not found. The location selected must be converted into a farm by the owner. Opportunities await the industrious and energetic young man throughout the Northwest, and the young man who can and will do something is welcome in every locality.

Sec. 59. The desirable farming lands in the United States are steadily growing more valuable. There has been an astonishing demand for more land in northwest during the past few years. A prominent agricultural journal (the Orange Judd Farmer), which has investigated the causes for this, summarizes the situation as follows:

(1.) The choice agricultural lands of the central Mississippi valley have reached extraordinarily high prices. Some Illinois farmers have sold at \$200 per acre land that they themselves "took up" as a free gift under the homestead act—farming land only, in central Illinois, which has reached this figure

because farming pays good interest on that valuation, not because of proximity to cities. In Iowa, indeed all through the central valleys, land values have also risen enormously.

(2.) The extension of electric trolley lines from the large cities through farming sections to suburban towns has made a demand for farming lands along these lines. Wealthy individuals in the cities have bought up farms along the electric lines, have demolished the old-time farm houses, and have erected fine residences, which are occupied chiefly in summer. Some of these new owners carry on experimental farming on a magnificent scale and with but very little profit.

(3.) Farming in the central west is so profitable, so safe, and still further advances in land values are so constantly expected, that men of large means are buying these central lands and operating them on a large scale. Farming is becoming as fashionable as it is profitable, but in the central west agriculture requires more and more capital.

(4.) Many thousands of farmers in moderate circumstances, hired men or others, who would like to go to farming but who cannot afford to pay from \$50 to \$200 per acre for land, are casting about for good lands that can be bought at moderate prices. The great majority of these people want such lands located in the western and northwestern states or the Canadian northwest, because they prefer the inspiring climate and the social conditions of that favored region.

(5.) But little privation is now required from settlers who move onto these newer lands in northern Michigan, Wisconsin, Minnesota or the northwest of the states or Canada. Almost every part of these regions is within convenient reach of railroad transportation. If in any section the mails, schools, churches, etc., are at all deficient, they are rapidly brought to perfection as population increases. It is easy to develop homes and farms on the cheaper lands of the west and northwest, compared to the privations suffered by the early settlers in the central west.

(6.) The man who can sell out in the central west at from \$50 to \$200 per acre, and buy lands in the newer sections at from \$3 to \$25 per acre, is very much disposed to do so. He has had one taste of the enormous profit accruing from the

natural increase in the value of land. He is hungry for another dose of such profits. He is still hungrier for more acres for himself and his children. If he can sell out at a price that will enable him to pay for 160 acres or more for each member of his family, and also have a snug capital left he is very much disposed to do so.

(7.) Each of the foregoing reasons is enough to warrant the present activity in the real estate market throughout the west. An uncontrollable impulse for more land has got control of many people's minds. They are ready to "swarm" onto the newer and cheaper lands. This movement of population promises to be even larger in the future than ever before. The fever to migrate and to open up new land has occurred about once in every decade, but has been most powerful at periods of about 20 to 30 years apart.

Sec. 60. The "Real Estate Purchase Chart" (Form No. 1), which follows, is designed to afford the intending investor a systematic guide in the matter of covering all the points of his intended purchase, and it may also be used as a memorandum of purchase and sale. In commenting on this Form, would say:

(1.) "Description." It is well, at the outset, to obtain an accurate, legal description of the premises, as such description is convenient in preparing the deed and other papers and as a means of checking the description given in the certificate of title and other instruments. See also Chapter on Deeds.

(2.) "Side of Street." In real estate parlance there are two sides to a street—the "clean" side and the "dirty" side. The "dirty" side is that towards which the wind blows and consequently the side which receives the most dust; the "clean" side is the opposite side.

(3.) "Restrictions." Restrictions in some cases are burdensome and in others are beneficial. Beauty and uniformity are secured on a residence street by providing that no business buildings shall be erected and that all houses shall cost not less than a specified sum and shall be placed a certain distance from the street. The question of restrictions is important and should be looked into while the intending purchaser is conducting his negotiations.

(4.) The purchaser should ascertain if sewer is laid and connections made with it; also if the assessments for sewer, sidewalk, grading and curbing have been paid.

(5.) "Things the Owner will Throw In." In some instances the owner of a house, in order to make a sale, will "throw in" a gas stove, or coal stove, or carpets or mattings on the floors. The buyer, of course, should not mention this part of the transaction until he believes he has reached a bed-rock price.

(6.) "Shades, Gas and Electric Light Fixtures." In California, the custom is, when a house is newly completed, to put shades on all windows, and these shades and their renewals remain as part of the realty when the house changes hands. Lighting fixtures are presumably, but not necessarily, a part of the realty. Whether or not the shades and lighting fixtures are to remain as a part of the realty, and be included in the purchase price, should be specified in every agreement of sale, for the sake of avoiding misunderstandings.

(7.) For explanations in regard to Insurance, Taxes, Title, and Escrow, see Chapters with these captions.

FORM NO. 1—REAL ESTATE PURCHASE CHART,

Official Description of Premises is: Known as No., street, between street and street, on side of street. Fronts Size of lot feet. Building restrictions Alley feet. Street is Sewered Sidewalked Graded Curbed Paved Water Key lot Corner lot.....

BUILDINGS.

..... story,rooms. Erected about years since..... Modern....., bath....., toilet..... fuel gas gas and electricity....., fireplace....., mantel..... hall....., cellar....., furnace....., inside finish is walls are....., shades....., floors....., sideboard....., Stable..... Lawn..... Trees....., flowers..... Rents for \$..... per month. Water rate is....., paid by..... Key at..... Things owner will "throw in"..... Insured for \$..... Expires..... Will be transferred with..... charge

PRICES AND TERMS.

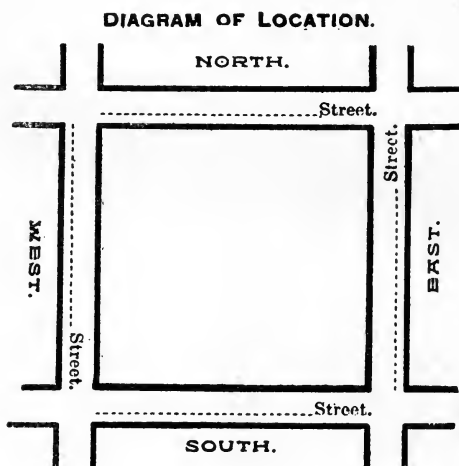
Price (including shades, gas and electric light fixtures, and.....) is \$....., payable as follows:

\$..... as a deposit and part payment.

\$..... by a negotiable promissory note, secured by a mortgage on said premises, note to bear date....., be payable after date, with interest at rate of.....% per annum, net, payable and be executed by in favor of

\$..... being balance, to be paid in cash upon delivery of..... deed.

.....of taxes for to be paid by.....



Title certificate of title, issued by to be furnished by owner, showing marketable title in free and clear of incumbrances, except

Escrow. All papers and the said monies to be placed in escrow with within days from this date.

In consideration of \$....., being the deposit and part payment above mentioned, the receipt whereof is hereby acknowledged, I hereby sell the premises above described to at

the price and upon the terms aforesaid.

..... (Seal)
Dated at, 190....

CHAPTER IV.

OPTIONS AND PURCHASE AGREEMENTS.

Contract Defined—Certain Contracts Invalid Unless in Writing—Contract Must Contain the Whole Agreement—Excludes All Prior Negotiations—Seller Must Produce Marketable Title—Performance or "Tender"; How Effected—Full Instructions as to Buying the Property and Executing the Contract—Specific Performance—Rights of Buyer and Seller—Meaning of "Incumbrances" and of "Usual Covenants"—Vendor's Lien—Damages for Breach of the Contract—Extinguishing or Rescinding the Contract—Practical Forms, Nos. 2 to 12, of Options, Contracts, Etc.

Sec. 61. A contract is an agreement between competent parties to do or not to do a certain thing.

Sec. 62. A real estate contract may be (1) an agreement to sell, (2) an agreement to buy, or (3) an agreement to buy and sell—and relating to the transfer by one party to another of a certain property at a certain price and upon certain terms.

Sec. 63. The following contracts are invalid unless the same, or some note or memorandum thereof, is in writing and subscribed by the party to be charged or his agent, namely:

(1.) Every contract for the sale of lands, or any interest therein;

(2.) Every contract that by its terms is not to be performed within one year from the making thereof;

(3.) Every contract to answer for the debt, default or misdoings of another.

(4.) In California an agreement employing or authorizing an agent or broker to purchase or sell real estate for compensation or commission, must be in writing.

(5.) Also, such an agreement, if made by the agent of the party sought to be charged, is invalid, unless the authority of the agent be in writing subscribed by the party sought to be charged.

Sec. 64. Not only should a contract for the purchase or sale of real estate be in writing, but it should contain within itself, without resort to external evidence, the whole agreement, including the names of the contracting parties, the price to be paid, and all of the stipulations intended to bind the parties, and such a description of the land as will enable any one acquainted with it to learn, upon reading the contract, what property was intended to be sold. It is not necessary that the memorandum should be in one written instrument. The ne-

gotiations containing the offer and acceptance may have been conducted by means of correspondence. All writings so connected by their own internal evidence constitute one document in law. (Curwen on Abstracts.)

Sec. 65. A contract, when once reduced to writing, and executed and delivered by the parties thereto, becomes the sole repository of the agreement between them, and excludes all prior negotiations and conferences on the subject. If the terms of the written agreement are ambiguous, they may be explained verbally; but no evidence to contradict what is incorporated in the writing can be offered to show that the parties at the time intended something different, unless it is proven that there was fraud in the transaction. The writing must be signed by the party to be charged and is valid though not signed by the party insisting on the performance of it. It is not necessary that the signing should be at the end of the paper.

Sec. 66. It is an implied condition in all sales that the seller shall produce a fair marketable title to which no reasonable objection can be made. For definition of marketable title, see Chapter I, Sec. 17. If, upon investigation of the title, it is discovered, before the deed is delivered, that the seller does not possess title to the extent required by the contract, he is not liable in damages for the defect; the buyer is at liberty to take the land with the defect, abating a proportionate part of the price; or, if the defect is material, the buyer may decline to go on with the bargain. If there are any incumbrances on the property not disclosed at the time of the sale, the buyer may require them to be paid off before he takes his deed. No purchaser is bound to accept a title dependent upon doubtful questions of law or upon facts which are impracticable for him to investigate with satisfactory results at the time the deed is tendered. (Curwen on Abstracts.)

Sec. 67. It sometimes happens, after one has entered into an agreement to purchase a certain piece of land, that the seller declines to execute and deliver a deed, in performance of his part of the agreement. The obligation of the buyer in such case is complied with by an offer of performance, or "tender" as it is called. A tender to be good must be absolute, uncon-

ditional and strictly within the terms of the contract. A tender does not bar nor extinguish the debt; the debtor is still liable to pay it; but tender bars the claim to subsequent damages, interests and costs. The offer may be made to the seller wherever he can be found. The tender must be made in United States gold coin, or in legal tender certificates. It is always safe to produce and show the money. A tender for more money than is due is good for what is due. The seller sometimes purposely evades the buyer in order that tender cannot be made. In such a case, the buyer must use reasonable diligence to find the seller within a reasonable distance from the residence, or place of business of the seller. If the contract of sale fixes a time for the tender, it must be made at that time, within reasonable hours, and not before nor afterwards. In California, the obligation for the payment of money is extinguished by a due offer of performance, if the amount is immediately deposited in the name of the creditor in a bank of good repute, and notice thereof is given to the creditor. An offer of partial performance is of no avail; nor is an offer of complete performance of any effect unless the person making it is able and willing to perform according to the offer.

Sec. 68. A majority of real estate sales are made through real estate agents or brokers. Each agent has his own form of agreement. The buyer makes a deposit of say from \$50 to \$500, according to the magnitude of the transaction, when he signs the contract of sale. The larger the deposit the less likely the buyer is to forfeit it. The agent then brings the contract of sale to the seller for his signature, by way of ratification of what the agent has done. At least, that is what the agent should do. This brings the terms of the contract of sale before both the buyer and the seller, and each is then committed in writing to the transaction. The seller should make it a rule to receive the deposit into his possession, and if it is in the form of a check, to have check converted into cash as quickly as possible. The seller should see that agreement provides that if the buyer does not pay the balance of the purchase price within a certain time, (say ten to fifteen days) the deposit shall be forfeited to the seller as liquidated damages. The seller should have an understanding with the agent to the

effect that if the deposit is forfeited and the sale not consummated, the agent will accept 5% of the amount of the deposit for his services in the matter. The contract should also provide who is to pay the taxes, if any, which have been assessed but are unpaid at the date of the sale, or which have been partially paid. If there is a mortgage on the premises, which the debtor is to assume, the agreement should so provide, with a statement to the effect that the seller will pay the interest on the mortgage to the date of the transfer. If the premises are insured, the agreement should provide for the transfer of the unexpired policy of insurance, and should state whether or not the same is to be assigned to the buyer, without charge. In short, the more complete the agreement, the more smoothly and effectually will the deal be carried through after the contract has been signed. The contract should be executed in duplicate by both of the parties and one copy be delivered to and retained by each party. The purchaser, where he buys through a real estate broker, has nothing to do with the payment of the broker's commission, although he does, as a matter of fact, pay it indirectly. The commission must be borne by the seller, and arranged for by him. It sometimes happens that some miserly chap will not allow a commission on the sale of his property, and in case the seller will deal only through and upon the advice of a certain broker, the buyer, if he ardently desires the property, may find it expedient to arrange to pay the broker a commission. The contract, in any case, is the final act of purchase and sale; and a complete agreement presupposes a prior investigation into facts on which to base it; this investigation in the case of real estate will be more readily attained by following the "Real Estate Purchase Chart" (Form No. 1) hereinbefore given.

Sec. 69. Where the contract is for value, and is made by persons competent on both sides to bind themselves, gives rights which the parties may mutually enforce against each other, and its enforcement in terms is practicable and necessary for the purpose of complete justice, a court of equity will ordinarily, in its sound discretion, at the suit of either buyer or seller, decree a specific performance of the agreement by requiring the buyer to pay the price and the seller to execute a deed. (Curwen on Abstracts.)

Sec. 70. Where the contract of sale is silent on the subject, the seller is entitled to the possession of the premises until he delivers his deed and receives payment in full; but the buyer is considered as the equitable owner from the date of the contract and is entitled to any increase in the value of the land, and is subject to the risk of any decrease or loss.

Sec. 71. In Form No. 2, it will be noted that the premises are to be conveyed "free and clear of incumbrances." In California the word "incumbrances" includes taxes, assessments and all liens upon real property.

Sec. 72. In California, the law provides that where the seller inserts in an agreement for the sale of real property, the phrase "to give the usual covenants," he thereby binds himself to insert in the deed, conveying the property, the following covenants: "Seisin," "quiet enjoyment," "further assurance," "general warranty" and "against incumbrances." (See also Chapter on Deeds).

Sec. 73. Where a sale of lands is made by one person to another, and the seller retains the legal title as security for the payment of the remainder of the purchase price, the seller is called the vendor and the buyer, the vendee, and the seller has what is called a vendor's lien on the premises. "A vendor retaining the title may sue at law for the balance of the purchase money, or file his bill in equity for the specific performance of the contract, and take an alternative decree that if the purchaser will not accept a conveyance and pay the purchase price, the premises be sold to raise such money, and that the vendee pay any deficiency remaining after the application of the proceeds upon such sale. The vendor is at liberty to ask either for a decree, directing performance, and in case of refusal, a sale of the premises, or a decree barring the right of the vendee to claim a conveyance under the contract. He may, however, insist upon the sale where the performance is refused, and is not bound to take a mere foreclosure of the vendee's right to a deed." (Sparks vs. Hess, 15 Cal. 186.) See Forms Nos. 4, 5 and 7.

Sec. 74. In the case of a breach of a contract to convey real estate, the detriment caused is deemed to be the price paid and the expense properly incurred in examining the title and

preparing the necessary papers, with interest thereon. If the party failing to convey has acted in bad faith, there is also to be added the difference between the price agreed to be paid and the value of the estate agreed to be conveyed, at the time of the breach, and the expenses properly incurred in preparing to enter upon the land. (California Civil Code, Sec. 3306.)

Sec. 75. In case of a breach of a contract to purchase an estate in real property, the detriment is deemed to be the excess, if any, of the amount which would have been due to the seller, under the contract, over the value of the property to him. (Cal. C. C., Sec. 3307.)

Sec. 76. A contract may be extinguished by its rescission, and if the contract has not been recorded, this may be accomplished by the destruction or cancellation of the contract, or of the signatures of the parties liable thereon, by the consent of all such parties. Where the contract has been recorded, its extinguishment may be effected by means of a written instrument of rescission, duly signed and acknowledged by all of the parties liable on the contract, and when such instrument of rescission has been placed of record it becomes notice to all parties that the recorded contract has been extinguished.

Sec. 77. A party who has made a contract, may rescind without the consent of the other parties to the contract, if he finds that his consent was given or obtained by means of duress, menace, fraud or undue influence exercised by or with the connivance of the other party to whom he rescinds or of any other party to the contract jointly interested with the party rescinding, or if the consideration of such other party fails or becomes entirely void, or if such consideration, before being rendered to the party rescinding, fails in a material respect. The party rescinding, upon discovering facts which entitle him to rescind, must rescind promptly, and must restore to the other party everything of value received from him under the contract; or he must offer to restore the same upon the condition that the other party shall do likewise, unless the latter is unable or positively refuses to do so; in other words, the parties must place themselves in the positions in which they were just prior to entering into the contract. (Cal. Civil Code.)

Sec. 78. Every person who has a considerable number of real estate deals to transact, should be sufficiently familiar with agreements of purchase and sale to draw up an agreement such as will fully and clearly set forth the terms of each transaction. In submitting the following forms in this connection, the author does so in the hope that the user will find them concise, pertinent and specially adapted to ordinary transactions of the kind.

Sec. 79. A corporation, with respect to its contracts, is placed on a different footing than an individual. The powers of a corporation are in its Board of Directors. (See Section 87-b-c.) The President or other officer of a corporation cannot give a binding option or other contract for sale of land unless such act is authorized or ratified by the Board of Directors of the Corporation. For form of resolution authorizing such sale see Form No. 12.

FORM NO. 2—BRIEF MEMORANDUM OF SALE.

LOS ANGELES, CAL., Feb. 5th, 1905.

Received of George Blish, the sum of Five Hundred Dollars (\$500.00), being a deposit and part payment on Lot Thirty-three (33) in Block Fifteen (15) of the Downey Tract, in the City of Los Angeles, State of California, as per sale thereof made this date through Jones & Johnson to said Blish for the sum of Six Thousand Dollars (\$6,000.00), payable in cash, the undersigned to furnish an unlimited certificate of title showing said premises free and clear of all incumbrances at this date, and a grant, bargain and sale deed, conveying said premises to said Blish; the balance of said money and the said deed to be placed in escrow with the Title Insurance & Trust Company of Los Angeles, within ten (10) days from this date. If the balance of Five Thousand Five Hundred Dollars (\$5,500.00) be not paid, as aforesaid, within said ten (10) days, the above deposit shall be forfeited to the undersigned as liquidated damages.

(Signed) PETER JACKSON.

The above memorandum of sale is hereby agreed to.

(Signed) GEORGE BLISH.

FORM NO. 3—A MORE COMPLETE MEMORANDUM OF SALE.

Memorandum of Sale, in duplicate, made this 10th day of February, 1905, between and for the account of Hiram Balch, the Seller, to Samuel Smith, the Buyer, by Byron & Clark, agents, of the following described premises, situate in the County of Los Angeles, State of California, to-wit:

Lot 15 of the Alexandre Weill Tract, in the City of Los Angeles, as per map of said tract recorded in the office of the County Recorder of said County of Los Angeles, in Book 6 of Miscellaneous Records, at page 300,

for the sum of Two Thousand Dollars (\$2,000.00) in United States Gold Coin, on the following terms:

\$200.00 as a deposit and part payment, the receipt whereof, by the seller, is hereby acknowledged.

\$800.00 to be evidenced by a negotiable promissory note, executed by the buyer in favor of the seller, and secured by a mortgage on said premises, said note to bear date February 10th, 1905, and to be payable three years after date, with interest at the rate of 6 per cent per annum, net, payable quarterly.

\$1000.00, being the balance of the purchase price, to be paid in cash within fifteen days from the date hereof.

The seller, within said fifteen days, is to furnish an unlimited certificate of title, made by the Title Insurance and Trust Co., of Los Angeles, Cal., showing title vested in seller, free and clear of incumbrances, and a good and sufficient deed, conveying said premises to the buyer; and the buyer, within said time, is to execute and deliver said note and mortgage, and pay the balance of said purchase price; all papers to be exchanged, and the said monies to be paid, at the office of said Byron & Clark, within said fifteen days.

In the event this contract is not approved by the seller, or if seller cannot furnish a marketable title to said premises, the above mentioned deposit is to be returned to the buyer.

If the buyer shall fail to comply with his part of this agreement within said fifteen days, the buyer shall retain for himself the aforesaid deposit as liquidated and stipulated damages.

Witness the hands and seals of the Seller, the Buyer, and the said Agents, the day and year first above written.

HIRAM BALCH, (Seal)

SAMUEL SMITH, (Seal)

BYRON & CLARK, Agents,

Per L. A. BYRON.

FORM NO. 4—A FORMAL AGREEMENT.

AGREEMENT FOR SALE OF REAL ESTATE.

This agreement, made and entered into this 20th day of June, A. D. 1905, by and between Frank Smith, of the City and County of San Francisco, State of California, hereafter called the vendor, the party of the first part, and James Jackson, of the County of Los Angeles, State aforesaid, hereinafter called the purchaser, party of the second part,

WITNESSETH: That the said vendor agrees to sell and convey, and the said purchaser agrees to purchase, upon the terms and conditions hereinafter expressed, all that certain tract of land situate in the County of Los Angeles, State of California, bounded and more particularly described as follows, to-wit:

(Description.)

The purchase price, payable for said property, is the sum of \$20,-

000.00, in United States gold coin, of which the sum of \$5,000.00 has this day been paid, the receipt whereof is hereby acknowledged; and the further sum of \$5,000.00 shall be paid on the 20th day of July, 1905, and the remainder of the purchase money, to-wit: the sum of \$10,000.00, shall be paid upon the consummation of the purchase as herein provided. All payments shall be made at the office of the German Savings & Loan Society in the City and County of San Francisco, for the account of said vendor.

The purchaser shall have 20 days from and after this date in which to examine the title to said property; if, upon such examination, the title be found to be good and valid, the purchase shall be consummated within five days thereafter. If, however, upon such examination, the title be found not to be good and valid, the purchaser shall specify in writing his objections thereto, and furnish the same to the vendor, who shall have 20 days thereafter in which to perfect the title. Upon such title being perfected, the vendor shall give the purchaser written notice thereof, by registered mail, addressed to said purchaser at Room 420 Byrne Block, in the City of Los Angeles, California, and the purchase shall be consummated within five days thereafter. If the title be not so perfected, within the said 20 days, however, this agreement shall be cancelled and all monies paid on account thereof shall be returned to the purchaser. If the title be or be made good and valid, and the purchaser shall fail to consummate the purchase as herein provided, the vendor shall retain for himself all moneys received on account hereof, as liquidated and stipulated damages.

Upon the consummation of the purchase, the purchaser shall pay the further sum of \$5,000.00 in cash, and for the balance of \$5,000.00 he shall execute to the vendor his negotiable promissory note for said sum, payable on or before one year thereafter, with interest from date, until paid, at the rate of 8 per cent, interest payable quarterly, together with a deed of trust to a trustee, to be named by the vendor, conveying said property in trust as security for the payment of said note, which deed of trust shall be a first lien on said property; and the vendor, if required, shall execute a tax agreement in the form now in use by the said German Savings & Loan Society, providing, in effect, that if the purchaser shall pay all taxes upon said deed of trust, the vendor shall account for all interest upon said promissory note in excess of 5 per cent per annum.

The said purchaser, upon consummation of the purchase, may take possession of said lands and he hereby agrees to pay all taxes and assessments of whatsoever nature or kind that may be levied or assessed hereafter against said premises or any part hereof, whenever the same or any of them shall be due and payable.

The said purchaser agrees not to commit any waste in or upon said premises.

All of the stipulations, agreements, covenants, provisos and conditions herein shall bind the heirs, legal representatives, successors or assigns of the parties hereto and each of them.

Time is of the essence of this agreement and of all the obligations hereof.

In Witness Whereof, the parties hereto have hereunto set their hands and seals the day and year first above written.

FRANK SMITH, (Seal)

JAMES JACKSON. (Seal)

FORM NO. 5—AGREEMENT FOR SALE OF LOTS, AND PROVIDING FOR BUILDING RESTRICTIONS, ETC.

THIS AGREEMENT, made and entered into, in duplicate, this tenth day of June, 1905, between James A. Garfield, the party of the first part hereto, and Alfred A. Spinks, the party of the second part;

WITNESSETH: That the said party of the first part in consideration of the covenants and agreements on the part of the party of the second part hereinafter contained, agrees to sell and convey unto the said party of the second part, and said party of the second part agrees to buy, all those certain lots or parcels of land, situate in the City of Los Angeles, County of Los Angeles, State of California, bounded and particularly described as follows, to-wit: Lots Numbers Five (5) and Six (6), in Block 21 of the West Adams Tract, as per map recorded in the office of the County Recorder of the County of Los Angeles, State of California, in Book 2, page 53 et seq., of Maps, Records of said County, for the sum of Three Thousand Dollars (\$3,000.00) gold coin of the United States, and said party of the second part agrees, in consideration of the premises, to pay to the said party of the first part, in the City of Los Angeles, State of California, the said sum of Three Thousand Dollars, as follows:

Five Hundred Dollars (\$500.00) cash on the signing and delivery of these presents, the receipt whereof is hereby acknowledged, and the balance, or sum of Fifteen Hundred Dollars (\$1500.00) on or before the tenth day of October, 1906, and One Thousand Dollars (\$1000.00) on or before the tenth day of December, 1907; all deferred payments to bear interest at the rate of six per cent per annum, payable half yearly.

Said party of the second part agrees to pay all taxes and assessments levied or assessed against the said property after the date hereof before the same become delinquent, and upon failure so to do the party of the first part shall have the right to pay the same, with whatever costs and percentages that may be added, and the amount so paid with interest thereon, from the date of payment until repaid, shall be secured hereby, and shall be repaid by said party of the second part to said party of the first part on demand.

It is further agreed that if the party of the second part shall fail or make default in any of the payments by said party of the second part herein promised to be paid, as the same mature or become due, or of any installment of the interest, or shall fail to pay said taxes or assessments as in this contract provided, then the whole sums in this contract to be paid shall become immediately due and payable at the option of the party of the first part, and suit may be commenced by the said party of the first

part to foreclose this contract, or to enforce the payment of said sum, or for the foreclosure of this contract and sale of the lands herein described.

Said party of the second part is to have immediate possession of the said land and may continue in such possession so long as he performs and observes this contract; and upon failure to keep any of the covenants and agreements herein contained, the right of said second party to such possession shall immediately cease.

As soon as the party of the second part shall have made said payments, including taxes and assessments, as aforesaid, if made within the time and manner aforesaid, said party of the first part shall, and does hereby agree to, convey said premises by a deed of bargain and sale to the said party of the second part, and to furnish a certificate of title, showing his title to said lands to be good, and free of incumbrances.

This sale is made subject to the following conditions, and the said deed, to be made pursuant to this contract, shall contain the following clauses, namely:

"PROVIDED, however, that this conveyance is made and accepted upon each of the following conditions, which shall apply to and be binding upon the grantee, his heirs, devisees, executors, administrators and assigns, namely: That said premises shall be used for residence purposes only; that no cottage, apartment house, double house, flat, lodging house, hotel, nor any building or structure whatever other than a first-class private residence at least two stories in height, with the customary out-buildings, including a private stable, shall be erected, placed or permitted on said premises, or any part thereof; that such residence shall cost and be fairly worth not less than Two Thousand Dollars, and shall be located not less than 30 feet from the front line of said premises, and shall face the front line of said premises, namely, on Esmeralda Street; that no out-building or private stable shall be erected, placed or permitted upon said premises at a distance of more than thirty feet from the rear line of said premises, nor until such a residence shall have been erected on said premises.

"PROVIDED, that as to the grantor herein, the breach of any of the foregoing conditions shall cause said premises to revert to the said grantor, his heirs and assigns, each of whom respectively shall have the right of immediate re-entry upon said premises in the event of any such breach; and as to the owner, and the heirs, devisees, executors, administrators or assigns of any owner, of any other lot or lots in said West Adams tract adjoining the above described premises, the above mentioned conditions shall operate as covenants running with the land, for the benefit of all such adjoining lots and owners of such adjoining lots in said tract, their heirs, devisees, executors, administrators or assigns, and the breach of any such covenant, or the continuance of any such breach may be enjoined, abated or remedied by appropriate proceedings by any or either of such owners, their heirs devisees, executors, administrators or assigns.

"PROVIDED, also, that the breach of either of the foregoing conditions, or any re-entry by reason of such breach, shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith, for value,

as to said land, and any such residence, out-building or private stable located as above provided, or any part thereof; provided, however, that the breach of either of said conditions or the continuance of any such breach may be enjoined, abated or remedied by appropriate proceedings, and provided also, that each of the foregoing conditions shall remain at all times in full force and effect as against any owner of said premises, or any part thereof, by reason of any breach thereof by any such owner, whether such ownership is acquired by purchase, foreclosure, devise inheritance or in any other manner.

"PROVIDED, that all and each of the restrictions, conditions and covenants herein contained shall in all respects terminate and end, and be of no further effect, either legal or equitable, either on any property in said West Adams tract or on the parties hereto, their heirs, successors, devisees, executors, administrators or assigns, on and after January 1, A. D. 1920."

Time is hereby made of the essence of this contract.

In Witness Whereof, the said parties hereto have hereunto set their hands and seals the day and year first above written.

JAMES A. GARFIELD, (Seal)

ALFRED A. SPINKS. (Seal)

FORM NO. 6—BRIEF OPTION.

DENVER, COLO., June 10th, 1905.

Received of C. B. True, the sum of Two Hundred Dollars, as part payment for the following described Real Estate, to-wit: Lot 7, in Block 10, of the Marlin Tract, in the city of Denver, Colorado, as per map of said tract recorded in the office of the County Recorder of Gunnison County, in Book 300 of Miscellaneous Records, at page 29. The entire price to be paid for said above described Real Estate is \$1200 (Twelve Hundred Dollars), and same is to be paid as follows: The remainder of \$1000 to be paid in U. S. Gold Coin within ninety days from this date. Title to be perfect; and a good and sufficient Grant Deed to be executed and delivered by the undersigned to said C. B. True, his heirs or assigns, on or before the 10th day of September, 1905, together with an unlimited certificate of title by a reputable title company, showing said premises vested in undersigned clear of incumbrances.

Provided, however, that the payment of \$1000 is tendered or paid on or before said date. If the said payment of \$1000 is not paid or tendered on or before the said 20th day of June, 1905, then this contract shall be void and of no further effect, and both parties shall be released from all obligations hereunder; and in that event the said \$200 paid on this date is to be retained by undersigned as liquidated damages.

JOHN GAYLORD.

FORM NO. 7—FORMAL OPTION, PROVIDING FOR MONTHLY PAYMENTS.

This Option and Agreement, in duplicate, dated this 19th day of February, 1905, made by and between Joel Jenkins, of the County of Los

Angeles, State of California, party of the first part, and the Builders' Wrecking Company, a corporation organized and existing under the laws of said State, and having its principal place of business at Los Angeles, California, party of the second part;

WITNESSETH, That the said party of the first part, for and in consideration of the sum of Five Hundred Dollars (\$500.00), receipt whereof is hereby acknowledged, does hereby give unto the said party of the second part the exclusive option to purchase from him at any time within thirty (30) days from the date hereof, the following described real property situated in the City of Los Angeles, County of Los Angeles, State of California, viz:

Lots Numbers Three (3) and Four (4) of the Dumas Tract, for the sum of Five Thousand Dollars (\$5000.00), Gold Coin of the United States, on the following terms and conditions:

The party of the first part agrees to renew this option from month to month upon the payment to him of the sum of One Hundred Dollars (\$100), which said sum is to be paid on or before the 19th day of each calendar month, commencing with the 19th day of March, 1905; together with interest at the rate of 6 per cent per annum from date until paid on the monthly balance remaining unpaid at the close of each preceding calendar month, said interest also to be payable monthly on the said 19th day of each calendar month, commencing March 19th, 1905, as aforesaid, and when said payments made for said option and for the renewals thereof shall amount to the sum of Five Thousand Dollars (\$5000.00) (provided said monthly installments of interest shall have been paid in the meantime, as hereinabove mentioned), or upon the payment of said last named sum at any time while this option is in force, the party of the first part agrees to deliver to the party of the second part an unlimited certificate of title to be issued by the Title Insurance & Trust Company of Los Angeles, California, showing the title to the said premises vested in said party of the first part, free and clear of all incumbrances, except such taxes and liens for street or other improvements as may be assessed against said property from the date hereof, together with a good and sufficient deed for said property, conveying the same free and clear of all incumbrances, except as aforesaid.

All payments made hereunder shall be made at the office of the party of the second part, corner First and Spring Streets, in the City of Los Angeles, Cal.

The party of the second part may take possession of said premises and improve the same, and may continue in such possession so long as it performs and observes this contract.

In the event of a failure of the party of the second part to make said monthly payments of principal, or any of them, or said monthly installments of interest, or any of them, or to pay before delinquency said taxes or street assessments, or any of them, or to exercise this option within the time limited as originally given or as thereafter extended, then, in any such event, this instrument shall be void and at an end and cannot

thereafter be exercised, and the amounts which have been paid by the party of the second part hereunder shall be retained by the party of the first part as the consideration for the granting of this option and the extensions thereof; and in the event of such forfeiture, the right of the party of the second part to the possession of said premises shall immediately cease, and all improvements placed on said premises by said party of the second part shall forthwith become vested in the party of the first part, and said party of the first part may re-enter said premises and remove all persons therefrom.

In no event shall the party of the second part acquire any right or title in or to said premises, or any part thereof, either in law or equity, until the execution and delivery of the deed therefor.

Time is of the essence of this option and of all and singular its covenants and conditions.

Each and all of the covenants and conditions of this option and agreement shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto.

In Witness Whereof, the said party of the first part has hereunto set his hand and seal, and the said party of the second part has hereunto caused its corporate name and seal to be affixed by its President and Secretary, thereunto duly authorized by resolution of its Board of Directors, the day and year herein first above written.

(Corporate Seal) JOEL JENKINS, (Seal)
BUILDERS' WRECKING COMPANY,

By its President: ANDREW ADAMS.

By its Secretary: EBEN EDWARDS.

(Acknowledgments.)

FORM NO. 8—ASSIGNMENT OF CONTRACT OF SALE.

KNOW ALL MEN BY THESE PRESENTS, that I, Alfred A. Spinks, of the County of Los Angeles, State of California, in consideration of the sum of One Hundred Dollars (\$100.00), Gold Coin of the United States, to me in hand paid, receipt whereof is hereby acknowledged, do by these presents, sell, assign and transfer and set over unto Silas Shocking, that certain agreement of sale dated the 10th day of June, 1905, made between James A. Garfield, as party of the first part, and said Alfred A. Spinks, as party of the second part, and providing for the sale of Lots Five (5) and Six (6) of the West Adams Tract, in the said County of Los Angeles, State of California, which said agreement is recorded in the office of the County Recorder of said County of Los Angeles, in Book 30 of Miscellaneous Records, at page 20, to which said agreement and the said record thereof reference is hereby made as a part hereof; TO HAVE AND TO HOLD the same and the lands therein described unto the said Silas Shocking, his heirs and assigns, for his and their use and benefit, forever; subject, nevertheless, to the covenants, conditions and payments therein also mentioned; which payments and covenants the said Silas Shocking also hereby assumes and agrees to

fully satisfy and discharge, and to keep and save harmless the said Alfred A. Spinks of and from all personal liability therefor. And the said Alfred A. Spinks hereby fully authorizes and empowers the said Silas Shocking, upon his performance of the said covenants and conditions, to demand and receive of the said James A. Garfield the deed covenanted to be given in said contract, in the same manner, to all intents and purposes, as the said Alfred A. Spinks might or could do were these presents not executed.

In Witness Whereof, said Alfred A. Spinks has hereunto set his hand and seal this 23rd day of August, 1905.

(Signed) ALFRED A. SPINKS. (Seal)

(Acknowledgment.)

FORM NO. 9—ASSIGNMENT TO BE ANNEXED TO INSTRUMENT.

KNOW ALL MEN BY THESE PRESENTS, that I, Alfred A. Spinks, named in the annexed instrument, in consideration of the sum of One Hundred and Fifty Dollars, Gold Coin of the United States, to me in hand paid by Silas Shocking, of the City and County of San Francisco, and State of California, the receipt whereof is hereby acknowledged, do, by these presents, sell, transfer, assign and set over to the said Silas Shocking, his heirs and assigns, the said instrument, and all my right, title and interest in and to the same, authorizing him in my name, or otherwise, but at his own cost, charge and expense, to enforce the same according to the tenor thereof, and to take all legal measures which may be proper or necessary for the complete recovery and enjoyment of the assigned premises.

In Witness Whereof, I have hereunto set my hand and seal this 16th day of December, in the year of our Lord, one thousand nine hundred and five.

ALFRED A. SPINKS. (Seal)

(Acknowledgment.)

FORM NO. 10—ASSIGNMENT INDORSED UPON AN INSTRUMENT.

FOR VALUE RECEIVED, I do hereby sell, assign, transfer and set over to Silas Shocking, his heirs and assigns forever, all my right, title, and interest, in, to, and under the within instrument, and to the lands therein described.

Witness my hand and seal this fifth day of May, A. D. 1905.

ALFRED A. SPINKS. (Seal.)

(Acknowledgment.)

FORM NO. 11—TITLE BOND FOR MINING PROPERTY.

KNOW ALL MEN BY THESE PRESENTS, that John Collins and Patrick Murphey, of the County of Lake, and State of Colorado, are held and firmly bound unto T. S. Eaton, his heirs, executors, administrators and assigns, in the penal sum of Five Thousand Dollars, lawful money of the United States, for the payment of which sum, well and truly to be made, we hereby bind ourselves, our heirs, executors and administra-

tors, firmly by these presents. Witness our hands and seals this 30th day of January, A. D. 1905. THE CONDITION of the above obligation is such, That if the above bounden obligors, Collins and Murphey, shall, on the twentieth day of March, A. D. one thousand nine hundred and five, make, execute, and deliver unto the said T. S. Eaton, or to his assigns (provided that the said Eaton shall, on or before that day have paid to the said obligors the sum of five thousand dollars, gold coin of the United States of America, or shall deposit said sum to their credit in the Banking House of First National Bank, in the City of Denver, Colorado, the price by said Eaton agreed to be paid therefor), a good and sufficient deed for conveying and assuring to the said T. S. Eaton, free from all incumbrances, the following described property lying, being and situate in the County of Gilpin and State of Colorado, to-wit: The "Bully Boy" mine, located by said Collins and Murphey January 2, 1905, as per location notice recorded in the office of the County Recorder of the County of Gilpin, in Book 10 of Mining Claims, at page 384, in Moctezuma Mining District, then this obligation to be void; otherwise to remain in full force and virtue.

JOHN COLLINS, (Seal)
PATRICK MURPHEY, (Seal)

Signed, Sealed and Delivered in Presence of:

DENNIS FEARON,
THEO. EINSTEIN.

FORM NO. 12.—COPY OF RESOLUTION OF BOARD OF DIRECTORS OF CORPORATION, AUTHORIZING THE GIVING OF AN OPTION.

RESOLVED, That the Blue Bird Oil Company, a corporation, give Bernard Baker & Co., real estate brokers, the exclusive option and privilege of purchasing from this corporation, at any time on or before ninety days from the 21st day of January, 1905, all that certain lot, piece or parcel of land, situate, lying and being in the County of Riverside, State of California, and bounded and particularly described as follows, to-wit:

(Description.)

For the sum of Five Thousand Dollars (\$5,000), in United States gold coin, payable as follows: \$500, upon the execution and delivery of said written option agreement, which said sum shall constitute a deposit and part payment in case said option shall be exercised within the time limited as aforesaid, and the remainder, to-wit: the sum of \$4,500, to be paid upon the exercise of said option; said option agreement to provide that said deposit of \$500 shall be forfeited to this corporation as liquidated and stipulated damages in the event said option shall not be exercised as hereinabove mentioned; this corporation, in event of consummation of sale, to furnish the purchaser an unlimited certificate of title, to be issued by the Riverside Abstract Company, showing said premises free and clear of all incumbrances. And the President and the Secretary of this corporation

be, and they are hereby, authorized and directed to execute and deliver, in the name, on behalf and under the corporate seal of this corporation, an option agreement as above provided, and in the event of consummation of sale, said President and Secretary are also likewise authorized and directed to execute and deliver to the purchaser a deed, grant, bargain and sale in form, of said above described property, and to execute all papers and perform any and all acts which are or may be necessary to effectuate the purposes of this resolution.

(Corporate Seal.) (Certificate of Secretary: See Form No. 18.)

CHAPTER V.

DEEDS.

Deed Defined—Essential Requisites of—Orderly Parts of—The Several Kinds of Deeds—Two Estates in One Parcel of Land; Deeds Conveying Same—Control of Husband—Corporation Deeds—Ratification by Stockholders of Mining Ground—Acknowledgment: Particulars as to Taking and Certifying Same—Delivery: Absolute and in Escrow—Recording: Object of the Recording Laws—What is Necessary to Entitle an Instrument to Record—Unrecorded Instrument Void, When—Who is a purchaser in Good Faith—Analysis of a Deed, Showing the Several Orderly Parts, With Examples of the Apt Words and Phrases Ordinarily Employed in Each Part, Exhibiting to the Reader of What the Several Parts Consist, and Enabling Him To See Them All, Lying Together, in Minute Detail, According to Some System—Comments on the Foregoing Analyzed Deed, and Explaining Fully as to Date, Parties, Recitals, Consideration, Operative Words, the Use of the Word "Grant," Description, the Three means of Ascertaining the Quantity of Land—Reservation, *Habendum*, Conditions, Covenants, Personal, and Running With the Land—*Testatum Clause*—Signature, Seal and Witnesses.

Note.—See also chapter on "Making a Loan," wherein is given Forms of Deed of Trust, Mortgage, Etc., and Chapter on "Miscellaneous Matters Affecting Real Estate."

Sec. 80. A Deed is an executed contract in writing. It differs from some executed contracts in this respect, that it is signed ordinarily by only one of the parties. A deed, by the owner of land, duly signed and acknowledged by him and delivered to the grantee, conveying land to the latter in fee simple, is one of the most solemn of civil acts.

Sec. 81. The essential requisites or circumstances attending the execution of a deed, are:

- (1.) The writing of the deed on paper or parchment.
- (2.) Parties competent to make a contract.
- (3.) Sufficient consideration.
- (4.) A description of the land conveyed sufficient to identify it.
- (5.) The signing of the deed.
- (6.) The delivery of the deed by the grantor to the grantee.

Sec. 82. The Orderly Parts of a deed are:

- (1.) The Premises—The date; the names of the parties, the grantor and the grantee, and their places of residence; the recitals, if any; the consideration, and the receipt thereof.
- (2.) The granting clause, to indicate the estate transferred.
- (3.) The description of the land.

(4.) The exceptions, if any. (This clause is known as the "Reddendum.")

(5.) The Habendum, or clause beginning "To Have and to Hold."

(6.) Covenants of warranty and the like.

(7.) Conclusion—Testatum clause; signature; acknowledgment.

Sec. 83. The several kinds of deeds take their designations or titles from the quantity of the estate conveyed, or from the capacity in which the party acts who executes them, and are known as Grant, Bargain and Sale Deeds, Quitclaim Deeds, Warranty Deeds, Deeds of Gift, Sheriff's Deeds, Tax Collector's Deeds, Guardian's Deeds, Administrator's Deeds, Corporation Deeds, etc. Deeds executed by Sheriffs, Tax Collectors, Guardians, etc., are made under order of court or in pursuance of law. The correct forms of deeds for the several States may be obtained from stationers.

Sec. 84. A Quitclaim Deed is used to dispose of any apparent interest which one may have in real estate, in order to perfect the title in the grantee, or present owner.

Sec. 85. There may be two estates (Sec. 9) in the same parcel of land, each owned by different individuals or corporations, as, for instance, a mineral estate and an agricultural estate. See Form No. 18 where the surface is conveyed and the minerals retained, and Form No. 19 where the minerals (oil, etc.) are conveyed.

Sec. 86. The subject of Deeds will be considered under the successive steps of execution, acknowledgment, delivery and recording. For other particulars, not here given, see "Analysis of a Deed," and comments thereon, Secs. 91 and 92.

Sec. 87. Execution.

(a.) The husband has the management and control of the community property (defined Chapter 1, Sec. 14) with as absolute power of disposition, other than testamentary, as he would have of his separate property; but he cannot make a gift of it, or convey it without a valuable consideration, unless the wife consents in writing thereto. For this reason, the practice is to have the wife join with the husband as a party to, and in the execution of, all deeds executed by them during mar-

riage. The separate property of the husband or wife is that owned by either before marriage and that acquired afterward by either, by gift, bequest, devise or descent. The wife may, without the consent of her husband, convey her separate property. Such is the rule in California.

(b.) A deed executed in the name of a corporation, must be authorized by its Board of Directors. The powers of a corporation must be exercised and its property controlled by its Board of Directors, and a decision of a majority of the Board made, when duly assembled, is valid as a corporate act. The Directors, when not acting as a Board, have not the necessary power. The corporate seal should be affixed to a deed, or any other instrument relating to real estate, executed by the officers of a corporation. Unless the statutes require, it is not essential to the validity of a deed by a corporation that the deed contain a recital of the authority to execute the deed. The evidence of the authority of the officers of a corporation to execute a deed is contained in the resolution of the Board of Directors. In California, a certificate signed by the Secretary of a corporation, with the corporate seal affixed, is *prima facie* evidence of the facts therein recited. Among conveyancers, the best practice is to prefix or affix a certified copy of the resolution to the deed to which it relates, and the two then go of record together, thus making the record more complete. (See Form No. 18.) Where a corporation has a number of deeds to be executed at various dates, a general resolution (See Form No. 20) may be adopted, and when certified, acknowledged and recorded, it has the same effect as would a corporate power of attorney.

(c.) In California, it is not lawful for the Directors of any mining corporation—including oil mining companies—to sell, lease, mortgage or otherwise dispose of the whole or any part of the mining ground owned or held by such corporation, nor to purchase or obtain in any way, except by location, any additional mining ground, unless same be ratified by the holders of at least two-thirds of the stock then outstanding. Such ratification may be made as indicated in Form No. 19, and attached to the instrument acquiring or disposing of the mining ground.

Sec. 88. Acknowledgment.

(a.) Acknowledgment is the only mode provided by law for authenticating the acts of the parties to a transfer, so as to entitle the instrument of conveyance to record, and to make such conveyance notice to subsequent purchasers and encumbrancers, and to entitle it to be read in evidence without further proof.

(b.) An acknowledgment is made by the party executing a deed or other instrument going before a notary public or other officer authorized to take acknowledgments of real property, and presenting the signed instrument to him, and saying to him: "I desire to acknowledge this instrument; this is my signature," or "I acknowledge this to be my signature."

(c.) The Civil Code of California (Sec. 1185) provides that "The acknowledgment of an instrument must not be taken, unless the officer taking it knows, or has satisfactory evidence, on the oath or affirmation of a credible witness, that the person making such acknowledgment is the individual who is described in and who executed the instrument; or if executed by a corporation, that the person making such acknowledgment is the person who executed it on behalf of such corporation." "The notary is expressly forbidden to take an acknowledgment," says the Supreme Court of California, in commenting on this Section, "unless he knows that the person making the acknowledgment is the person described in the instrument. If he did not know this, it should have been proved by the oath of a credible witness, whose name must be stated. It is not enough that the person be introduced to the notary by a responsible person. To take an acknowledgment upon such introduction, without the oath, is negligence sufficient to render the notary liable in case the certificate turns out to be untrue."

(d.) The officer taking the acknowledgment of an instrument must indorse thereon, or attach thereto, a certificate, signed by the officer, and having his official seal affixed, and certifying that the person making the acknowledgment is the person described in the instrument. The laws of each State prescribe the form of the certificate of acknowledgment to be used, and where the instrument affecting real property situate in one State, is acknowledged in another State, the certificate of acknowledgment should conform to the laws of the State

where the property is situate. Moreover, in such case, the party executing the instrument, should obtain from the County Clerk of the County in which the officer taking the acknowledgment is acting, a certificate to the effect that the officer certifying the instrument is authorized so to do, and that his signature is true and genuine, such certificate of the County Clerk to be also attached to the instrument.

(e.) In California, the certificate of acknowledgment of a justice of the peace, when used in any county other than that in which he resides, must be accompanied by a similar certificate of the Clerk of the County in which the justice resides.

(f.) A notary or other officer who is related to the parties or who is interested in the property described in the instrument, is disqualified from taking such acknowledgments. A notary who is a stockholder in a corporation is disqualified from taking the acknowledgments of the officers of the corporation.

(g.) If a purchaser neglects to have his deed properly acknowledged and recorded, he will be liable to have his title divested by a subsequent conveyance to an innocent party, and to the further inconvenience of being compelled to prove the execution of his deed when called upon to put it in evidence.

(h.) Some of the forms of acknowledgment in use in California are given in Forms Nos. 22 to 26. For forms of acknowledgments for all the States, see the "American Notary Manual." (See advertising pages of this book.)

Sec. 89. Delivery.

(a.) A deed takes effect, so as to vest the interest intended to be conveyed, only upon its delivery by the grantor. A deed, duly executed, and in the possession of the grantee, is presumed to have been delivered at its date. Acceptance by the grantee is necessary to complete the delivery. Acceptance will always be presumed if the deed be found in the grantee's possession. The grantor must divest himself of all dominion over the deed. The delivery should be made to the grantee himself or to his agent. The deed should be read, and read correctly, at the time of delivery, if either party requires it. No particular form of delivery is necessary; any act is sufficient which indicates the intention of the grantor to put the deed in the possession of the grantee.

(b.) A deed cannot be delivered to the grantee conditionally. Delivery to him or to his agent is necessarily absolute, and thereupon the instrument takes effect, discharged of any condition on which the delivery was made.

(c.) A deed may be deposited by the grantor with a third person to be delivered on the performance of a condition, such as the payment of a sum of money or the like, and on delivery by the depositary it will take effect. While in the possession of the third person and subject to the condition, such delivery is called an escrow. The depositary is the agent of both the parties to the escrow. Written instructions are delivered to the depositary, specifying the condition and the time within which it is to be performed, and signed by both parties or by one of them. (See Escrows.)

(d.) Where the owner of land desires to convey the same to a grantee, and not have the deed take effect until after his death, he may do so in two ways: (1) by a deed, in which he will reserve to himself a life estate in the premises, and such deed he may deliver directly to the grantee; or (2) he may convey the premises to a certain grantee, by deed, which deed he will place in the custody of a third person, with instructions to pass it on to the grantee named in the deed after the death of the grantor. Such a delivery is irrevocable, and the grantor cannot reach out and take the deed at his pleasure, as, by delivering the deed to the depositary, he constituted the latter a trustee for the grantee, and created in himself a tenancy for life in the premises. Such a delivery will take effect upon the happening of the contingency, and will relate back so as to divest the title of the grantor from the first delivery, and the depositary has no right to return the deed to the grantor.

Sec. 90. Recordation.

(a.) To entitle an instrument to record, it must be acknowledged and certified, and such instruments, in California, must be recorded in the office of the County Recorder of the county in which the real property affected thereby is situate. Deeds are recorded in one set of books, and mortgages in another.

(b.) An instrument, duly acknowledged and certified, is deemed to be recorded from the time that it is deposited in

the recorder's office, with the proper officer, for record. The recorder must indorse on the instrument the amount of his fee for recording it.

(c.) Every conveyance of real property, acknowledged, certified and recorded, as prescribed by law, is, from the time it is filed with the recorder for record, constructive notice of its contents to subsequent purchasers and mortgagees.

(d.) Every conveyance, except a lease for a term not exceeding one year, not placed of record is void as against any subsequent purchaser or mortgagee of the same property, or any part thereof, in good faith and for a valuable consideration, whose conveyance is first duly recorded.

(e.) The object of the recording laws is to impart notice and to prevent fraud. A deed which is neither acknowledged nor recorded, or which is acknowledged but not recorded, is good as between the parties to it. If the grantor of such unrecorded deed should convey the same property to a bona fide purchaser, the latter purchasing in good faith and for a valuable consideration, and such bona fide purchaser should place his deed of record, the holder of the prior unrecorded deed would lose his title. The policy of the law is to cause purchasers to rely upon the records. Anyone who acts with the knowledge of any unrecorded deed or mortgage cannot take advantage of the fact of its not being recorded. A purchaser in good faith is a person who has no knowledge, at the time of his purchase, that his grantor had, before that time, made a conveyance of the same property to another person who holds an unrecorded deed. To entitle such purchaser to protection, he must aver and prove the possession of his grantor, the purchase of the premises, the payment of the purchase money in good faith and without notice, actual or constructive, down to the very moment of payment.

SEC. 91—ANALYSIS OF A DEED,

showing the several orderly parts, with examples of the apt words and phrases ordinarily employed in each part, exhibiting to the reader of what the several parts consist, and enabling him to "see them all, lying together, in minute detail, according to some system." It should be borne in mind that all the parts here introduced are rarely, perhaps never, employed in any one deed.

FORM NO. 13.—AN ANALYZED DEED.

(a) Date.

THIS INDENTURE, made the 10th day of January, in the year of our Lord, one thousand nine hundred and five,

(b) Parties.

Between James W. Robertson, an unmarried man, of the Town of Covina, County of Los Angeles, State of California, the party of the first part, and Joseph D. Wiggins, of said County and State, the party of the second part;

(c) Recital.

WHEREAS, In a certain deed of conveyance, dated the 10th day of December, 1904, made by and between the parties hereto, and recorded in the office of the County Recorder of the County of Los Angeles, in Book 1304 of Deeds, at page 326, the lands hereinafter mentioned are described as being in Township One North, Range Two West, instead of in Range Twenty-six (26) West, as hereinafter set forth; and

WHEREAS, To prevent difficulties hereafter, it is expedient to correct said error:

Now, THEREFORE, This Indenture

(d) Consideration.

WITNESSETH: That the said party of the first part, for and in consideration of the sum of Four Hundred Dollars (\$400), gold coin of the United States of America, to him in hand paid by said party of the second part, the receipt whereof is hereby acknowledged,

(e) Operative Words.

does by these presents grant, bargain and sell, convey and confirm unto the said party of the second part, and to his heirs and assigns forever,

(f) Description.

all that certain lot, piece or parcel, of land situate, lying and being in the County of Los Angeles, State of California, and bounded and particularly described as follows, to-wit:

The Northwest one-quarter of the Southeast one-quarter (N. W. $\frac{1}{4}$ of S. E. $\frac{1}{4}$) of Section Eighteen (18), Township One (1) North of Range Twenty-six (26), West of San Bernardino Base and Meridian, containing forty (40) acres, according to the Government survey thereof, be the same more or less:

(g) Reservation (called the "Reddendum").

EXCEPTING from the operation of this conveyance, and reserving unto said party of the first part, his heirs and assigns, out of the land hereinabove described and hereby conveyed, the right, privilege and easement of entering in and upon so much of said land as may be necessary, and therein to lay, operate and maintain a pipe line and pumping plant for the purpose of conducting and transporting water from a certain artesian well near the northeast corner of said lands, and of supplying said water to the occupants of other lands in said Section 18, now belonging to said party of the first part, so long as such other lands to be supplied with

water as aforesaid shall belong to said party of the first part, or his legal representatives.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in any wise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

(h) Habendum.

TO HAVE AND TO HOLD, all and singular the said premises, together with the appurtenances, unto the said party of the second part, and to his heirs and assigns forever.

(i) Conditions.

(1) This conveyance is made upon the EXPRESS CONDITION that the grantee herein shall, as a part of the consideration, assume and pay on or before maturity, a certain note in the sum of \$900, dated November 12th, 1903, in favor of the Union Bank of Savings, of Los Angeles, California, secured by a mortgage on the premises hereby conveyed, which said mortgage and the debt thereby secured, the grantee herein, by the acceptance of this conveyance, agrees to fully pay, satisfy and discharge, and to keep and save harmless the said grantor, his heirs and assigns, of and from all personal liability therefor, or in connection therewith, including deficiency judgments; and on the further condition that said grantee shall pay all taxes levied or assessed against said premises for the fiscal year 1905-06.

(2) This conveyance is made upon the FURTHER EXPRESS CONDITION that neither the said grantee, his heirs, executors, administrators or assigns, nor those claiming under them, shall ever manufacture, sell or dispose of, or permit the sale, manufacture or disposal of, spirituous or intoxicating liquors in any place of public resort on any portion of the premises hereinabove described; and in case said condition is broken by said grantee, his heirs, executors, administrators, assigns or legal representatives, or those claiming under them, then and in that case the title to the premises hereby conveyed shall immediately revert to and vest again in the grantor herein, the same as though this deed had never been executed; and the said grantee, by the acceptance of this deed, hereby accepts and assents to and agrees to keep unbroken the conditions hereinabove set forth.

(j) Covenant of Seisin.

And the said party of the first part, for his heirs, executors and administrators, does covenant, grant and agree to and with the said party of the second part, his heirs and assigns, that the said party of the first part, at the time of the sealing and delivery of these presents, is lawfully seized in fee simple absolute of and in all and singular the above granted and described premises, with the appurtenances;

(k) Covenant of Right to Convey.

and has good right, full power and lawful authority, to grant, bargain, sell and convey the same, in manner aforesaid;

(l) Covenant Against Grantor's Own Acts.

And said party of the first part, for himself and his heirs, executors and administrators, does hereby covenant and agree to and with said party of the second part, his heirs, executors, administrators and assigns, that he has not made, done, committed, executed or suffered, any act or acts, thing or things whatsoever, whereby or by means whereof the said premises, or any part or parcel thereof, now are, or at any time hereafter shall, or may, be impeached, charged or incumbered, in any manner or way whatsoever.

(m) Covenant Against Incumbrances.

And that said premises now are free, clear, discharged and unincumbered, of and from all former and other grants, titles, charges, estates, judgments, taxes, assessments and incumbrances, of what nature or kind soever.

(n) Covenant for Quiet Enjoyment.

And that the said party of the second part, his heirs and assigns, shall and may, at all times hereafter, peaceably and quietly have, hold, use, occupy, possess and enjoy the above granted premises, and every part and parcel thereof, with the appurtenances, without any let, suit, trouble, molestation, eviction or disturbance of said party of the first part, his heirs and assigns, or of any other person or persons lawfully claiming or to claim the same.

(o) Covenant That the Vendor Will Defend.

And the said party of the first part, for himself and his heirs, the above-described premises, and every part and parcel thereof, with the appurtenances, unto the said party of the second part, his heirs and assigns, against the said party of the first part, and his heirs, and against all and every person and persons whomsoever, lawfully claiming or to claim the same, shall and will warrant, and by these presents forever defend.

(p) Covenant of Further Assurance.

And also, that the said party of the first part, and his heirs, and all and every person or persons whomsoever, lawfully or equitably deriving any estate, right, title or interest, of, in or to the hereinabove granted premises, by, from, under or in trust for him, shall and will at any time or times hereafter, upon the reasonable request and at the proper costs and charges in the law, of the said party of the second part, his heirs and assigns, make, do and execute, or cause to be made, done, and executed, all and every such further and other lawful and reasonable acts, conveyances and assurances in the law, for the better and more effectually vesting and confirming the premises hereby granted, or so intended to be, in and to the said party of the second part, his heirs and assigns forever, as by the said party of the second part, his heirs or assigns, or his or their counsel learned in the law, shall be reasonably advised or required.

(q) Testatum Clause.

IN WITNESS WHEREOF, the said party of the first part has hereunto set his hand and seal, the day and year first above written.

(r) Signature, Seal and Witnesses.

Signed, Sealed and Delivered in Presence of
JAMES W. ROBERTSON. (Seal)

JOHN JONES,
B. W. LEE

(s) Acknowledgment.

SEC. 92—COMMENTS ON THE FOREGOING FORM.

The following letters which are in parenthesis have reference to sections of the foregoing form of deed lettered in like manner:

(a) *Date.* It is customary to date a deed at the beginning of the instrument. The deed does not take effect, however, until the time of its delivery, which is supposed to coincide with the date of the deed.

(b) *Parties.* (1) Any person, either natural or artificial (see Chapter 1, Sec. 12) capable of making a contract, may make a deed. The party making the deed is called the grantor, and in the deed is referred to as the party of the first part, and the party receiving the deed is called the grantee, and in the deed is referred to as the party of the second part.

(2) If the grantor is married, his wife should join in the deed. If the property is community property, and stands in the name of the wife, the husband should join in the deed as a party thereto.

(3) Any person, male or female, in whom the title to real estate is vested, and whose name is afterwards changed, should, in any conveyance of such property, set forth the name in which it was acquired as well as that by which it is conveyed.

(4) The deed of an infant, that is, a person under legal age, is not void but voidable. Such deeds are generally made by the guardian of the infant upon order of Court.

(5) A deed by an Indian to a white person passes no title. Such a conveyance is contrary to the policy of the Spanish, Mexican and American law.

(6) *Description of Parties. Husband and Wife.* "By and between Henry Hudson and Sarah Hudson, his wife, of the County of Los Angeles, State of California, the parties of the first part," etc.

Wife and Husband. "Between Sarah Hudson and Henry Hudson, her husband, of the County of," etc.

Co-Partners. "Between Henry Hudson and James Wilson, doing business under the firm name and style of Hudson & Wilson, of the County of," etc.

Corporation. "Between Golden Rod Mercantile Company, a corporation, duly organized and existing under the laws of the State of California, and having its principal place of business at Los Angeles, County of Los Angeles, State of California, the party of the first part."

(7) The setting forth in the deed of the places of residence is for the purpose of more clearly identifying the parties.

(c) *Recitals* in a deed or other instrument are inserted to explain why the deed was made, or to set forth the pre-requisite steps and proceedings taken by or on behalf of the grantor, as, that he was acting under order of Court, etc.

(d) *The Consideration* is the inducement which moves the grantor to make the conveyance. It may be good or valuable. A good consideration is blood relationship or affection. A valuable consideration is money or that which in law is ratable as money, as shares of stock, other lands, etc. Love and affection is a sufficient consideration from a husband to his

wife. Courts of equity will enforce such a deed, where it is for the benefit of the wife and no rights of creditors intervene. It is not necessary to set forth the full or exact consideration in the deed, and oftentimes is not advisable to do so. A nominal consideration, such as "One dollar," or "Ten dollars," is sufficient. Where the full consideration is given, a subsequent intending purchaser, by referring to the records, might obtain information which would defeat a sale.

(e) *Operative Words.* The rule is that everything essential to the beneficial use and enjoyment of the property designated is to be construed as passing to the grantee, in the absence of language to the contrary, indicating a different intention on the part of the grantor. The kind of title conveyed is indicated in this part, and deeds are distinguished by the words used, as "grant, bargain and sale," or "quit-claim," etc. The duration of the estate conveyed is limited in the Habendum clause.

In California the use of the word "grant" in any conveyance by which an estate of fee simple or inheritance is to be passed, implies on the part of the grantor, for himself and his heirs, to the grantee, unless restricted by express terms, the making of the following covenants, which may be sued upon as though they had been expressly inserted in the deed, namely:

That previous to the time of the execution of the conveyance the grantor has not conveyed the same estate, or any right, title or interest therein, to any person other than the grantee; and that such estate is free from incumbrances done, committed or suffered by the grantor or any person claiming under him.

(f) *Description.* (1) The land conveyed should be accurately and clearly described. The boundary lines are determined by physical objects, such as monuments, courses and distances, the number of acres, etc. All of the land in the United States, outside of the original thirteen colonies, is supposed to have been surveyed by the general government, and the boundaries determined by fixed monuments. Government surveys are made on the rectangular system, east and west lines being run with the parallels of latitude and north and south township lines with the meridians of longitude. A tier of townships running north and south is called a "range" and each range is numbered according to whether it is east or west of the principal meridian. Each township is also numbered as it is north or south of the base line.

(2) The description for a conveyance is ordinarily obtained from the deed in the possession of the grantor, or from the certificate of title, and it is safe to follow either of these. Where land is subdivided and a portion only sold, it is necessary, of course, to have the land surveyed, and boundary stakes or other monuments set, and the land conveyed according to the description furnished by the surveyor. In case the transfer is passed in escrow through a title company, as is now done in large cities, if there are any defects in the surveyor's description, the same will be pointed out and an accurate description required before the deed will be placed of record.

In the absence of any qualifying term, the designation in a con-

veyance of any physical object or monument as a boundary implies the middle or central point of such boundary, as, for example, if the boundary be a road or highway or a stream, the thread of the road or stream will be intended; if a rock, a heap of stones, or a tree be the boundary, the central point of such tree or rock or heap of stones will be intended.

(3) A township is 36 sections, each a mile square. A section is 640 acres. A quarter section, half a mile square, is 160 acres. An eighth of a section, half a mile long, north and south, and a quarter of a mile wide, is 80 acres. A sixteenth of a section, a quarter of a mile square, is 40 acres.

The sections are all numbered 1 to 36, commencing at northeast corner, thus:

NW	NE	NW	NE
NW	NW	NE	NE
SW	SE	SW	SE
NW	NE	SW	SE
SW	SW	SE	SE
SW	SE	SW	SE

The sections are all divided in quarters, which are named by the cardinal points, as in section 1. The quarters are divided in the same way, as shown in the smaller

6	5	4	3	2	NW NE SW SE
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

diagram. The description of a forty-acre lot would read: The south half of the west half of the southwest quarter, or the northeast quarter of the northeast quarter, as the case might be, of section 1 in township 24 north, of range 7 west, Mount Diablo Base and Meridian. A section or quarter section will sometimes fall short and sometimes overrun the number of acres it is supposed to contain.

(4) *Monuments*, courses and distances, and the number of acres, govern as to the quantity of land in the order named.

Monuments are permanent land marks specially made use of for indicating boundaries. They are usually set by the surveyor, or are referred to by him in his description of the survey, and may consist of stakes, stones, trees, streams, springs, etc. If ten acres were mentioned in a certain deed as the number of acres intended to be conveyed, and the quantity was found by survey to consist of only eight acres, the monuments would govern, and only eight acres would be conveyed. If the seller truly points out the boundaries, the buyer has no redress, even if the seller were to overstate the number of acres; but the buyer would be released from the sale if the seller were to make a fraudulent statement as to the boundaries. Monuments are, therefore, the first means of ascertaining the boundaries.

(5) *Courses and distances*, or metes and bounds, as they are sometimes called, are the second means of ascertaining the boundaries. Courses and distances are the lines followed by the surveyor in going around a piece of land. The surveyor's chain is 66 feet long, is divided into 100 links, and each link is 7.92 inches; 625 square links make a square pole, 16 square poles a square chain, and 10 square chains an acre. An acre contains 43,560 square feet. Boundaries are usually expressed in feet, and the following table will assist in making an accurate estimate of land for the dimensions given, namely:

10 rods	×	16 rods	=	1 Acre.	100 ft.	×	108 9-10 ft.	=	$\frac{1}{4}$ Acre
8 "	×	20 "	=	1 "	25 "	×	100 "	=	.0574 "
5 "	×	32 "	=	1 "	25 "	×	110 "	=	.0631 "
4 "	×	40 "	=	1 "	25 "	×	120 "	=	.0688 "
5 yards	×	968 "	=	1 "	25 "	×	125 "	=	.0717 "
10 "	×	484 yards	=	1 "	25 "	×	150 "	=	.109 "
20 "	×	242 "	=	1 "	2178 square feet			=	.05 "
40 "	×	121 "	=	1 "	4356 "			=	.10 "
80 "	×	60 $\frac{1}{2}$ "	=	1 "	6534 "			=	.15 "
70 "	×	69 $\frac{1}{2}$ "	=	1 "	8712 "			=	.20 "
320 feet	×	198 feet	=	1 "	10890 "			=	.25 "
440 "	×	99 "	=	1 "	13068 "			=	.30 "
110 "	×	369 "	=	1 "	15246 "			=	.35 "
60 "	×	726 "	=	1 "	17424 "			=	.40 "
120 "	×	363 "	=	1 "	19603 "			=	.45 "
240 "	×	181 $\frac{1}{2}$ "	=	1 "	21780 "			=	.50 "
200 "	×	108 9-10 "	=	$\frac{1}{2}$ "	32670 "			=	.75 "
100 "	×	145 2-10 "	=	$\frac{1}{2}$ "	34848 "			=	.80 "

(6) The third means of ascertaining the boundaries is by reference to the number of acres, or old maps, or lines of adjoining surveys, etc. If a map is referred to, and the map is of record, the effect, so far as the boundaries are concerned, will be the same as if the boundaries were inserted in the deed.

(7) Maps may be referred to by designating the map and the number of the lot as laid down thereon.

(g) *Reddendum* means a reservation made by the grantor to himself out of the estate granted, and the reservation must be described so as to be readily identified.

(h) *The Habendum*. The duration of the estate conveyed, and sometimes the use, are limited by this clause. Under ordinary circumstances the words of limitation in the "grant" or "operative words," and in this clause should be the same.

The phraseology of a deed conveying the life estate to one person, with the remainder to another, would be as follows:

"To Have and to Hold all and singular, the above granted premises, together with the appurtenances, and every part thereof, unto the said Pascal Irwin, and his assigns, for and during the natural life of the said Pascal Irwin, and upon his death, then unto Alphonse Irwin, his heirs and assigns, forever."

(i) Conditions in a deed relate to the title or to the mode of enjoying the estate. When set forth in the deed, they are called express conditions. A condition precedent is one which must happen or be performed before the estate can vest. A condition subsequent is one upon the failure of which an estate already vested may be defeated. Non-performance of a condition precedent prevents the estate from vesting. Non-performance of a condition subsequent gives the grantor, or his heirs, the right to enter and defeat the estate.

Where a grantor conveys property on which he has given a prior mortgage, it becomes necessary in the deed to bind the purchaser to assume and pay the mortgage. Deeds are construed most strongly against the grantor, and, unless the purchaser agrees to assume the mortgage, no implied obligation arises on his part to do so. If the purchaser should be unable to pay the mortgage, and it should be foreclosed, and the pro-

ceeds of sale should be insufficient to pay the debt, a deficiency judgment might be rendered against the grantor.

See also Form No. 5, where RESTRICTIONS or conditions as to the value of the improvements, and the distance the same are to be placed from the front line of the premises, are provided for.

(*j to p*) Covenants are of two kinds, Personal and those Running with the Land.

(1) Personal Covenants, or Covenants of Title, are:

Seisin;
Right to Convey;
Against Grantor's Own Acts;
Against Incumbrances.

(2) Covenants Running with the Land, or Covenants relating to Possession:

Quiet Enjoyment;
That Vendor Will Warrant and Defend;
Further Assurance.

(*j*) The Covenant of Seisin implies that the grantor is in possession of the land. Possession may be actual or constructive. Actual possession is where the owner or party entitled to possession actually occupies or resides upon the land. In constructive possession, the land, although the owner or person entitled to possession does not live upon it, is, in contemplation of law, in his possession. The owner is deemed to be constructively in possession, although neither he nor any one else lives upon the land.

(*i*) A Covenant Running with the Land is a condition inserted in a deed by the grantor, binding the grantee to do something upon, or to abstain from some prohibited use of, the land conveyed. A common restraint or restriction in modern times is against the erection of buildings of a certain height or kind, or against the carrying on of offensive trades. If the grantor, or his heir, enters for breach of the condition, and terminates the estate of the grantee, all conveyances and incumbrances made subsequent to the date of the deed containing the condition, are, so far as they affect the premises, thereby destroyed. The rights of the grantee, and of his grantees and mortgagees, in the premises, are as if they had never existed. (Curwen on Abstracts.)

(*r*) The name of the grantor should be set forth correctly at the beginning of the deed, and the deed should be signed accordingly. If a man should sign ordinarily as "J. S. Williams," and his name should be inserted in the body of the deed as "John S. Williams," John being his given name, he should so sign. If the grantor is unable to write, his name can be signed to the deed by some other person, and the grantor can make his mark, which should be witnessed by some one who saw the grantor make the mark. The signature of the grantor should be written opposite the printed seal on the deed. In some of the States and in England, a scroll for a seal will not be accepted; a wafer or impression upon

wax is required. The witness clause, where the signature is to be by an attorney in fact, is as follows:

"IN WITNESS WHEREOF, the said party of the first part has hereunto set his hand and seal, by James Wilson, his attorney in fact, the day and year first above written."

HENRY HUDSON.
By JAMES WILSON,
His Attorney in Fact.

FORM NO. 14—QUITCLAIM DEED.

THIS INDENTURE, made the tenth day of April, in the year of our Lord one thousand nine hundred and five, between Frank Wright, of the City and County of San Francisco, State of California, the party of the first part, and Asa White and John Black, of the said City and County, the parties of the second part, witnesseth: That the said party of the first part, for and in consideration of the sum of One Hundred Dollars, lawful money of the United States of America, to him in hand paid by the said parties of the second part, the receipt whereof is hereby acknowledged, does by these presents remise, release, and forever quitclaim unto the said parties of the second part, and to their heirs and assigns, all that certain lot, piece, or parcel of land, situate in the said City and County of San Francisco, State of California, and bounded and particularly described as follows, to-wit:

(Description.)

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

To have and to hold, all and singular the said premises, together with the appurtenances, unto the said parties of the second part, and to their heirs and assigns forever.

In witness whereof, the said party of the first part has hereunto set his hand and seal the day and year first above written.

FRANK WRIGHT. (Seal)

(Acknowledgment.)

FORM NO. 15—DEED FROM HUSBAND TO WIFE.

DEED OF GIFT.

THIS INDENTURE, made the 5th day of March, in the year of our Lord nineteen hundred and five, between Leander Lilly, of the County of Los Angeles, State of California, the party of the first part, and Lucy Lilly, the wife of said Leander Lilly, of the County of Los Angeles, State of aforesaid, party of the second part, witnesseth: That the said party of the first part, for and in consideration of the love and affection which the said party of the first part, has and bears unto said party of the second part, as also for the better maintenance, support, protection and livelihood of said party of the second part, does by these presents, give, grant, alien and confirm, unto the said party of the second part, and to her heirs and

assigns forever, all that certain lot, piece, or parcel, of land situate, lying and being in the City of Los Angeles, County of Los Angeles, State of California, and bounded and particularly described as follows, to-wit:

(Description.)

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

To have and to hold, all and singular the said premises, together with the appurtenances and privileges thereunto incident, unto the said party of the second part, her heirs and assigns forever.

In witness whereof, the said party of the first part has hereunto set his hand and seal, the day and year first above written.

LEANDER LILLY. (Seal.)

Signed, Sealed and Delivered in the presence of

NATHAN OLIVER,

LUIS BLANCO.

(Acknowledgment.)

FORM NO. 16—MINING DEED.

THIS INDENTURE, Made the 10th day of March, in the year of our Lord one thousand nine hundred and five, between Abner Parmely, Alonzo Jones, Charles O'Hara and Jerome Curtis, of the County of Ventura, State of California, the parties of the first part, and J. D. Foster, of the County and State aforesaid, the party of the second part, witnesseth: That the said parties of the first part, for and in consideration of the sum of Five Hundred Dollars, gold coin of the United States of America, to them in hand paid by said party of the second part, the receipt whereof is hereby acknowledged, have granted, bargained, sold, remised, released, and forever quit-claimed, and by these presents do grant, bargain, sell, remise, release and forever quit-claim, unto the said party of the second part, and to his heirs and assigns, that certain placer mining ground, situate, in the County of Ventura, State of California, in the Little Sespe Placer Mining District, known as and called "My Dream Mine," containing 80 acres, more or less, located January 1, 1905, the location notice thereof being of record in the office of the County Recorder of said County of Ventura, in Book 12 of Mining Claims, at page 231, to which said notice and the said record thereof reference is hereby made, as a part hereof, for the purposes of description; together with all the dips, spurs and angles, and also all the metals, ores, gold and silver bearing quartz, rock and earth therein; and all the rights, privileges and franchises thereto incident, appendant and appurtenant, or therewith usually had and enjoyed; and also, all and singular the tenements, hereditaments and appurtenances thereto belonging, or in anywise appertaining, and the rents, issues and profits thereof; and, also, all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of the said parties of the first part, of, in, or to the said premises, and every part and parcel thereof, with the appurtenances.

[NOTE—In a conveyance of oil lands, the wording would be: "Together with all and all kinds of oil, petroleum, maltha, asphaltum, brea, and rock and earth containing these and other hydro-carbon and kindred substances therein," etc.]

To have and to hold, all and singular, the said premises, together with the appurtenances and privileges thereto incident, unto the said party of the second part, and to his heirs and assigns forever.

In witness whereof, the said parties of the first part have hereunto set their hands and seals, the day and year first above written.

ABNER PARMELY,	(Seal)
ALONZO JONES,	(Seal)
CHARLES O'HARA,	(Seal)
JEROME CURTIS.	(Seal)

(Acknowledgment.)

FORM NO. 17—DEED TO COUNTY FOR RIGHT OF WAY FOR ROAD.

State of California, County of Santa Barbara, ss.

WHEREAS, Jesse Hall, James Roach, N. O. Nelson and Elmer Stearns, inhabitants of Road District number Ten of Santa Barbara County, taxable therein for road purposes, have petitioned in writing the Board of Supervisors of said Santa Barbara County to lay out a new road therein, as set forth in their petition, dated the fourth day of April, 1905, and filed with the Clerk of said Board, which said road is proposed to be located fifty (50) feet in width in said Road District No. 10, County and State aforesaid, as follows, to-wit: Twenty-five (25) feet on each side of the following described line: Commencing at a post on the East side of the Santa Ynez River, etc., to a post in the center of the County Road, and the terminus of the road petitioned for.

Now, therefore, in consideration of the location and establishment of said road as above described, and of the benefits to accrue to us and each of us by such location, we, the undersigned, owners, occupants and claimants of land required for road purposes on the line of the foregoing designated route, hereby signify our approval of the location of said road, and do hereby consent thereto; and we do hereby grant and dedicate the lands belonging to us and each of us, so far as the same may be required for such road, to said County of Santa Barbara, to that purpose and for the use of such road; and we hereby waive all claims for damage for and on account of the same.

The grant of said lands to said County by said grantors is made on the condition that should the said grantee for any reason fail to use the lands hereby granted as a public highway, then the title hereby granted shall revert back to the grantors herein, their heirs or assigns, without incumbrance.

In witness whereof, we hereunto set our hands and seals, this 25th day of April, 1905.

JESSE HALL,	(L. S.)
JAMES ROACH,	(L. S.)
N. O. NELSON,	(L. S.)
ELMER STEARNS.	(L. S.)

FORM NO. 18—CERTIFIED COPY OF RESOLUTION PREFIXED
TO DEED OF CORPORATION CONVEYING
AGRICULTURAL RIGHTS.

RESOLVED, That this Corporation, Blue Bird Oil Company, sell to Oliver Owlett, in consideration of Ten Dollars (\$10.00) and other good and valuable considerations, all the right, title and interest of this corporation to the possession, occupation and use of the soil or surface of the ground for the purpose of agriculture, horticulture and grazing only, of, in and to all that certain mining claim known as "My Dream" Placer Mining Claim, situated in the County of Orange, State of California, and being the Southwest Quarter of the Southeast Quarter of Section One (1), in Township 30 North, Range 20 West, San Bernardino Meridian, reserving the petroleum and other mineral substances thereunder, said deed to be in such form as the attorney of this Corporation may determine; and the President and Secretary of this Corporation be, and they are hereby authorized and directed, in the name, on behalf and under the seal of this Corporation, to execute and deliver said deed, and to perform any and all acts, and execute all papers, or cause the same to be done, which are, or may be necessary to fully carry out and complete such transfer.

I, Prester John, Secretary of the Blue Bird Oil Company, hereby certify the foregoing to be a full, true and correct copy of a resolution duly passed and adopted by the Board of Directors of said Corporation at a regular meeting of said Board, held on the 10th day of April, 1905, at which meeting a majority of the said Board was present and voted in favor of the adoption of said resolution, and that the same now is in full force and effect.

Witness my hand and the seal of said Blue Bird Oil Company, this 10th day of April, 1905.

(Corporate Seal)

PRESTER JOHN,

Secretary Blue Bird Oil Company.

THIS INDENTURE, Made this 10th day of April, A. D. 1905, by and between Blue Bird Oil Company, a Corporation organized and existing under the laws of the State of California, and having its principal place of business at the City of Los Angeles, in said State, party of the first part, and Oliver Owlett, of the County and State aforesaid, party of the second part:

Witnesseth: That the said party of the first part, for and in consideration of the sum of Ten (10) Dollars, gold coin of the United States of America, to it in hand paid by said party of the second part, the receipt whereof is hereby acknowledged, and for other good and sufficient considerations it thereunto moving, doth remise, release and quitclaim, subject to all and several the conditions, reservations and exceptions herein-after expressed, unto said party of the second part, his heirs and assigns forever, all the right, title and interest of said party of the first part to the possession, occupation and use of the soil or surface of the ground, for the purposes of agriculture, horticulture and grazing only, of, in and upon that certain mining claim known as the "My Dream Placer Mining Claim," sit-

uated in the County of Orange, State of California, and being the Southwest Quarter (S. W. $\frac{1}{4}$) of the Southeast Quarter (S. E. $\frac{1}{4}$) of Section One (1), Township Thirty (30) North, Range Twenty (20) West, San Bernardino Base and Meridian; said My Dream Placer Mining Claim having been conveyed to the party of the first part by Letters Patent of the United States of America, bearing date the 22nd day of June, one thousand nine hundred and four.

It is expressly stipulated, covenanted and agreed by and between the parties hereto, that the party of the second part acquires by this conveyance no further right, title, interest, estate or privileges in, to or upon the said tract of land above described than those above expressly described and conveyed, and especially and particularly that he acquires no right, title or interest in and to the petroleum oil, asphaltum and other hydro-carbon substances, or to any mineral substance of any kind whatsoever situated and contained in the said lands. And the party of the first part hereby expressly excepts, reserves and retains to and for the benefit of itself, its successors and assigns, all and all kinds of mineral substances contained in said lands, and especially and particularly all and all kinds of petroleum oil, maltha, asphaltum, mineral or oil bearing rocks and sand, gravel, earth, and other material containing, bearing or yielding said substances, or any of them; and also all natural gas, or other hydro-carbon, or other similar or kindred substances in, upon, under or underneath said lands.

And it is understood, covenanted and agreed that the right of the party of the second part, his heirs and assigns, to the use, possession and occupation of the surface and soil of said lands for the purposes aforesaid, is subject to the paramount right of the party of the first part, its successors and assigns, to the use, possession and occupation of the said surface and soil of said lands so far as the same shall be necessary for its use in digging, mining and boring for and otherwise exploring for and obtaining, extracting and producing said substances, or any of them, in and upon said parcel of land, and for taking away and removing the said substances therefrom; and the party of the first part doth hereby except and reserve the perpetual and exclusive right to so dig, mine and bore for, and otherwise to explore for and obtain, extract and produce said substances, or any of them, in and upon said parcel of land, and to take away said substances therefrom; together with all rights of entry and rights of way in, upon and over said parcel of land, and every part thereof, for roads, pipe lines, telephone lines, and for all other purposes that may be necessary for the enjoyment of the estate, rights and interests hereby reserved and excepted, and for the carrying on of mining operations on said lands, and for the securing and transporting of said substances in, upon, over and through said parcel of land; together with all rights of way and rights of entry in, upon and over said parcel of land which may be necessary or convenient to give ingress to and egress from said lands, or to and from any adjoining lands that may be operated for oil or other minerals by said party of the first part, and for conveying machinery, tools, materials, supplies, water, oil, and other substances to and from said adjoining lands.

It is understood and agreed that the party of the second part shall have the right to so much of the water now flowing, or which may hereafter be developed, upon the lands above described, as shall not be needed and used by the said party of the first part in carrying on said mining operations; also that said party of the first part shall and will at its own cost and expense, provide, so far as is practicable and reasonable, for the disposal of sand, rock, earth, gravel, water, oil, and other substances which may be encountered and removed to the surface in boring of wells for oil or water, or in any other mining operations carried on by it in and upon said parcel of land, and for the conveyance of the same by open ditches wherever practicable to water channels or gulches within the boundaries of said parcel of land; and also that said party of the first part shall lay any pipe lines which it may locate upon the tillable portions of said land under the surface of the soil so that the same shall not interfere with the plowing or cultivation of said lands.

In witness whereof, said party of the first part hath hereunto caused its corporate name to be subscribed and its corporate seal to be affixed by its President and its Secretary, thereunto duly authorized, the day and year herein first above written.

BLUE BIRD OIL COMPANY.

(Corporate Seal)

By PETER PRIOR, Its President.

By PRESTER JOHN, Its Secretary.

(Acknowledgment.)

FORM NO. 19—DEED FROM INDIVIDUALS TO CORPORATION,
CONVEYING MINING RIGHTS, TOGETHER WITH
STOCKHOLDER'S RATIFICATION OF AC-
QUISITION OF SAME.

THIS INDENTURE, Made this 20th day of March, A. D. 1905, by and between John Kingsley and Ella Kingsley, his wife, of the County of Los Angeles, State of California, parties of the first part, and Blue Bird Oil Company, a Corporation, incorporated and existing under the laws of the State of California, and having its principal place of business at Los Angeles, California, the party of the second part,

Witnesseth: That the parties of the first part, for and in consideration of the sum of Ten Dollars (\$10.00) lawful money of the United States, to them in hand paid by the said party of the second part, and other good and valuable considerations them thereunto moving, the receipt whereof is hereby acknowledged, do by these presents grant, bargain, sell, convey, assign, transfer and set over unto the said party of the second part, and to its successors and assigns, forever, all petroleum, coal oil, naphtha, natural gas, and other hydro-carbons and like substances, including asphaltum and brea, in, upon and under all those certain lands situated in the County of Los Angeles, State of California, to-wit:

(Description.)

Together with the right, privilege and easement to enter in and upon

said parcels of land above described, and any part or parcel thereof, in such manner and with such machinery, engines, tools, rigs, materials, and supplies as may be proper, necessary or usual, and therein to explore, dig, mine and drill for the substances above named; and also the right to erect buildings, derricks, tanks, and other structures usual, proper or necessary to extract, sever and remove all or any of said substances from said lands; and in and upon said land to collect, save, store, and handle for market any and all of said substances; to have, take, and remove said substances, or any of them, from said premises, for the sole and exclusive use, benefit and behoof of the said party of the second part, its successors or assigns; and also the full, free and perpetual right of ingress and egress therefrom at reasonable and proper places, and rights of way upon and over the said lands above described for the purposes herein provided, convenient and necessary for the exercise of the rights hereby granted; together with reasonable rights of way for telephone and telegraph lines and for roads; together with reasonable rights of way for pipe lines for conveying to, from and across the lands hereinbefore described, oil, gas or water, or other kindred substances wherever produced; together with all necessary and reasonable rights of location upon the lands above described, for wells, derricks, rigs, hoisting works, tanks, pumps, engines, and other necessary machinery, materials and supplies, and for houses, work shops, pumping stations, and such buildings or structures as may be necessary or proper for the proper exercise of the rights hereby granted.

Provided, however, that all pipe lines constructed upon said lands for the purposes of any of the uses hereby authorized, or for the conveyance of any of the substances hereby granted, shall be buried in the soil to such a depth and in such a manner that they will not interfere with the cultivation of the soil, and that said pipe lines and telephone lines shall always be so maintained and operated as not improperly to interfere with or obstruct the cultivation of the land, or the use thereof for live-stock purposes, or the passage thereover of persons or of live-stock.

Together with the right to the use of whatever water may be developed from such wells as may be sunk by the party of the second part, or its successors or assigns, for the purpose of exploring or taking from said lands the said mineral products.

To have and to hold all the said property, and every part and parcel thereof, with the appurtenances, unto the said party of the second part, its successors and assigns, forever.

In witness whereof, the parties of the first part have hereunto set their hands and seals the day and year herein first above written.

JOHN KINGSLEY. (Seal)

ELLA KINGSLEY. (Seal)

(Acknowledgment.)

We, the undersigned stockholders of the Blue Bird Oil Company, a corporation, organized and existing under the laws of the State of California, and having a capital stock of Fifty Thousand Dollars (\$50,000.00), divided into 500 (Five Hundred) shares of the par value of One Hundred

Dollars (\$100.00), each, and severally the owners and holders on the books of said corporation of the number of shares of said corporation set opposite our respective signatures, and together owning and holding more than two-thirds of the entire issued and outstanding shares of said corporation, do ratify, approve and confirm a certain deed, dated the tenth day of April, 1905, made by John Kingsley and Ella Kingsley to this corporation, whereby this corporation acquired the additional mining ground therein described and the rights and interests therein set forth for the consideration therein mentioned; and we do also hereby ratify and approve the act and acts of the Board of Directors and officers of the said Blue Bird Oil Company in the acquisition of the additional mining ground in said conveyance mentioned.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 11th day of April, 1905.

Name.	No. of Shares.
F. X. BROWN, (Seal)	213
L. W. COYNE, (Seal)	5
SAMUEL SILENT, (Seal)	87
PETER PRIOR, (Seal)	112
ROGER BROWN, (Seal)	27
PRESTER JOHN, (Seal)	12

(Acknowledgments of Stockholders.)

I, the undersigned Secretary of the Blue Bird Oil Company, a corporation, hereby certify that the capital stock of said corporation is divided into Five Hundred (500) shares of the par value of One Hundred Dollars (\$100.00), each, aggregating Fifty Thousand Dollars (\$50,000.00), all of which has been issued and is now outstanding, and that the books of said corporation show that the following persons are the owners and holders of the number of shares of said stock set opposite their respective names, to-wit:

Name.	No. of Shares.
F. X. BROWN,	213
L. W. COYNE,	5
SAMUEL SILENT,	87
PETER PRIOR,	112
ROGER BROWN,	27
PRESTER JOHN,	12
MANUEL MASON,	44

And that the persons whose names are signed to the foregoing ratification, aggregating 456 shares, constitute more than two-thirds of the issued and outstanding shares of the capital stock of said corporation.

WITNESS my hand and the seal of said corporation this 11th day of April, 1905.

(Corporate Seal)

PRESTER JOHN,
Secretary of Blue Bird Oil Company.

State of California, County of Los Angeles, ss.

On this 11th day of April, in the year of Our Lord, One Thousand

Nine Hundred and Five, before me, Samuel Bristow, a Notary Public in and for said County of Los Angeles, State of California, residing therein, duly commissioned and sworn, personally appeared Prester John, known to me to be the Secretary of the Blue Bird Oil Company and known to me to be the person whose name is subscribed to the foregoing instrument, and he acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(Notarial Seal)

SAMUEL BRISTOW.

Notary Public in and for the County of Los Angeles, State of California.

FORM NO. 20.—CERTIFIED COPY OF RESOLUTION OF CORPORATION, AUTHORIZING OFFICERS
TO EXECUTE DEEDS.

State of California, County of Los Angeles, ss.

I, David Davis, do hereby certify that I am Secretary of the Union Land Company, a corporation, organized and existing under the laws of the State of California, and having its principal place of business in the City of Los Angeles, County of Los Angeles, State of California; that at a meeting of the Board of Directors of said corporation, which said meeting was duly and regularly called in accordance with the by-laws of said corporation, and held on the 6th day of February, A. D. 1905, a resolution, of which the following is a full, true and correct copy, was duly passed, adopted and concurred in, and appears of record in the minute book of said corporation as a part of the record of the minutes of said Board of Directors held on the day last above mentioned, and is as follows, to-wit:

"RESOLVED, That the President, or in his absence or inability to act, then the Vice President, of this corporation, Union Land Company, be, and he is hereby, instructed, authorized, empowered and directed, in the name of and on behalf of this corporation, and as its corporate act and deed, to make, execute and deliver any and all deeds of property standing in the name of or owned by this corporation; and that the Secretary of this corporation be, and he is hereby, instructed, authorized, empowered and directed to affix to the said deeds the corporate seal of this corporation and to attest the same by his signature; and the said President, or in his absence or inability to act, then the said Vice President, and the said Secretary, or any or either of them, are hereby authorized, instructed and empowered to acknowledge, in the name and behalf of this corporation, any and all such deeds so as to entitle the same to be recorded, and to do and perform any other act or thing whatsoever, or cause the same to be done, requisite or necessary to fully carry out the purposes of this resolution according to the true intent and meaning of the same. Also

"RESOLVED, That the Secretary be, and he is hereby, instructed to file a certified copy of this resolution, over his signature, with the corporate seal affixed thereto, and duly acknowledged by him as the act of and in behalf of this corporation, in the office of the County Recorder of the County of Los Angeles, and in the offices of the County Recorders of such

other Counties wherein is situate any property belonging to this corporation."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed hereto the corporate seal of said corporation, Union Land Company, this 6th day of February, A. D. 1905.

(Corporate Seal)

DAVID DAVIS,

Secretary of Union Land Company.

(Corporation Acknowledgment.)

FORM NO. 21—DEED TO BE IMMEDIATELY DELIVERED, BUT
RESERVING LIFE ESTATE.

This Indenture, made the ninth day of April, in the year of our Lord one thousand nine hundred and five, between Henry Hatfield, of the County of Los Angeles, State of California, the party of the first part, and Hiram Hatfield, of the County and State aforesaid, the party of the second part.

Witnesseth, That the said party of the first part, for and in consideration of the sum of Ten Dollars, Gold Coin of the United States of America, to him in hand paid by said party of the second part, the receipt whereof is hereby acknowledged, does by these presents, Grant, Bargain and Sell, convey and confirm, unto the said party of the second part, and to his heirs and assigns forever, all those certain lots, pieces or parcels of land situate, lying and being in the County of Los Angeles, State of California, and bounded and particularly described as follows, to-wit:

(Description.)

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof:

To have and to hold all and singular the said premises, together with the appurtenances, from and after the death of the party of the first part, unto said party of the second part, his heirs and assigns, forever; reserving unto said party of the first part all and singular the said premises and each and every part thereof during the lifetime of said party of the first part, for his sole use, benefit and behoof, with the right to have, hold, occupy and enjoy the aforesaid premises, together with the rents, issues, profits and proceeds arising therefrom, wholly free from the control, interference, debts and liabilities of said party of the second part or any other person whomsoever.

IN WITNESS WHEREOF, The said party of the first part has hereunto set his hand and seal the day and year first above written.

HENRY HATFIELD.

(Seal.)

(Acknowledgment.)

FORM NO. 22—GENERAL ACKNOWLEDGMENT. (CALIFORNIA.)

State of California, County of Los Angeles, ss.

On this thirteenth day of April, in the year of our Lord, One Thousand Nine Hundred and Five, before me, Harry Henry, a Notary Public

in and for said County of Los Angeles, State of California, residing therein, duly commissioned and sworn, personally appeared Lemuel Belding, known to me to be the person described in and whose name is subscribed to the foregoing instrument and he acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(Notarial Seal)

HARRY HENRY.

Notary Public in and for the County of Los Angeles, State of California.

FORM NO. 23—CORPORATION ACKNOWLEDGMENT.
(CALIFORNIA.)

State of California, County of Los Angeles, ss.

On this second day of February, A. D. 1903, before me, N. W. Tilden, a Notary Public in and for the said County of Los Angeles, State of California, duly commissioned and sworn, personally appeared William H. Brown, known to me to be the President, and O. P. Carle, known to me to be the Secretary of the Century Building Company, said Company having its principal place of business in the said City of Los Angeles and being one of the corporations that executed the within instrument, and they acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(Notarial Seal)

N. W. TILDEN.

Notary Public in and for the County of Los Angeles, State of California.

FORM NO. 24.—PARTY PROVEN ON OATH OF CREDIBLE
WITNESS, AND ACKNOWLEDGMENT OF
PARTY. (CALIFORNIA.)

State of California, County of Los Angeles, ss.

On this twelfth day of April, in the year Nineteen Hundred and Five, before me, Samuel Bristow, a Notary Public in and for the said County of Los Angeles, State of California, residing therein, duly commissioned and sworn, personally appeared Lemuel Belding, proved to me on the oath of Eugene Cowles, a competent and credible witness for that purpose, by me duly sworn, to be the person described in, whose name is subscribed to, and who executed the within instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(Notarial Seal)

SAMUEL BRISTOW,

Notary Public in and for the County of Los Angeles, State of California.

FORM NO. 25—ACKNOWLEDGMENT—ATTORNEY-IN-FACT.

State of California, County of Los Angeles, ss.

On this tenth day of April, in the year Nineteen Hundred and Five, before me, Samuel Bristow, a Notary Public in and for

said County of Los Angeles, State of California, residing therein, duly commissioned and sworn, personally appeared E. J. Blair, known to me to be the person whose name is subscribed to the within instrument, as the attorney-in-fact of M. T. Brooks, and acknowledged to me that he subscribed the name of M. T. Brooks thereto as principal, and his own name as attorney-in-fact.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(Notarial Seal)

SAMUEL BRISTOW,

Notary Public in and for the County of Los Angeles, State of California.

FORM NO. 26—SUBSCRIBING WITNESS.

State of California, County of Los Angeles, ss.

On this tenth day of April, in the year Nineteen Hundred and Five, before me, Samuel Bristow, a Notary Public in and for said County of Los Angeles, State of California, residing therein, duly commissioned and sworn, personally appeared Eben J. Blair, known to me to be the person whose name is subscribed to the within and annexed instrument as a witness thereto, who, being by me duly sworn, deposed and said: That he resides in the City of Los Angeles and that he was present and saw Willis P. Lighthhead, personally known to him to be the same person whose name is subscribed to the within and annexed instrument, sign, seal and deliver the same, and he acknowledged in the presence of said affiant that he executed the same; and that said affiant subscribed his name thereto as a witness.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(Notarial Seal)

SAMUEL BRISTOW,

Notary Public in and for said County and State of California.

CHAPTER VI.

MAKING A LOAN, INCLUDING EXECUTION OF MORTGAGES AND DEEDS OF TRUST.

Lord Burleigh's Advice on Making a Loan—Keeping Accounts with Banks—Applying For a Loan—Cringing Applicants Receive Few Financial Favors—Loans From Building and Loan Associations—Executing Mortgage or Trust Deed, and Forms Thereof—Two Short Rules For Computing Interest—Reserving Right to Pay Note Before Maturity—Punctuality In Paying Interest—Selling Mortgaged Property—Particulars Relating to the Execution, Assignment, Partial Release, Full Satisfaction, Foreclosure and Redemption of Mortgages, and to the Execution and Re-Conveyance of Trust Deeds.

Sec. 93. In regard to making a loan, the advice of Lord Burleigh may not be amiss: "Borrow not money of a neighbor, or a friend, but of a stranger, where, paying for it, thou shalt hear no more of it. Otherwise thou shalt eclipse thy credit, lose thy freedom, and yet pay as dearly as to another. But in borrowing of money be precious of thy word, for he that hath care of keeping days of payment is lord of another man's purse."

Sec. 94. Every person who is accumulating capital will find it to his advantage to keep an account with some bank. All monies received by him, should be deposited in the bank, and all withdrawals made by means of checks. The bank thus becomes his book-keeper, and he does not run the risk of losing money or of making mistakes in counting it. In opening an account with a bank, it is advisable to have a personal introduction to the cashier from some friend known to the bank officers. This is not necessary, however, if one has a considerable sum of money to deposit, as the money is the best reference. At the time the deposit is made, the depositor should obtain a passbook in which to have his deposits entered up, and a check book, with which to draw checks.

Sec. 95. In real estate deals, where the buyer cannot pay the purchase price in full, in cash, and the seller will not take back a mortgage, it becomes necessary for the buyer to make a loan on the premises. He can obtain the money therefor from a private individual or from a bank. Private parties oftentimes desire a higher rate of interest, and are more difficult to deal with, than is a bank. A national bank is not permitted to make loans on real estate security, so that such loans, when not

made with private individuals, must be made with savings banks, State banks or building and loan associations.

Sec. 96. Savings banks and building and loan associations make loans in a systematic manner. The first step for the borrower to take is to sign an application for a loan. (See Forms Nos. 27 and 33.) In a booklet issued by a savings bank, occurs this sentence: "You do the bank a favor when you ask for a loan on good security." The application blank, when filled up by the proposed borrower, will or ought to contain all of the facts which the bank requires to prepare the papers, etc. In an application blank, or a personal interview, the applicant should not fear to tell the whole truth and it should be told in as few words as possible. When the application has been filed, the bank will send its appraiser to value the property and report to the appraisal or loan committee. Real estate loans require more time for investigation than do loans made on certificates of stock, bonds and other collateral securities. The bank officials will advise the applicant when the committee meets and when his application will be passed upon, and will carefully guide the applicant through the necessary steps to perfect the loan, if granted. One of these steps is the execution of a mortgage or deed of trust. In making his application to the officers of the bank, the applicant should do so in a dignified, business-like way. He who cringes, and pleads for financial favors, creates an unfavorable impression. "The man who cries when he comes to borrow, will cry when asked to pay," said Stephen Girard, one of the early bankers of America.

Sec. 97. The bank makes no charge for appraising the property nor for preparing the mortgage, note, etc. Some banks charge for the acknowledgment; others do not. The applicant must pay for recording the mortgage and for all expenses connected with the loan, and bring down the certificate of title to show the property vested in the borrower, subject to the loan to the bank as a first lien. Some building and loan associations charge an admission fee of \$1.00 per share for each \$100 borrowed; an appraisal fee for city property of \$3.00, and charge for the recording of the papers, and an attorney's fee, where an abstract of title is furnished instead of a certificate of title. Where the property is situate

in the country, there must be added the expense incurred by the appraiser in viewing the property.

Sec. 98. Buildings loans are more difficult to obtain than are loans on improved or unimproved property, as there may be occasion for trouble between the contractor and the mechanics, laborers or material men while the building is in process of erection. In applying for such a loan, the borrower must submit to the lender all plans, specifications and bonds of the contractor connected with the building, and, in some cases, building and loan associations require that the appraisal and building committee of such association shall see that the work is properly done and they audit the bills therefor, and see that the proper completion notice is filed when the building is completed. (See also Chapter on Homes and Homesteads.)

Sec. 99. Some banks will not loan on "key lots," (See Sec. 60) nor on houses of less than four rooms, nor on "California" houses. Before buying, it would be well for the intending borrower to ascertain what the rules are, if any, in regard to loans of the bank from which he intends to borrow. Banks usually will not loan over fifty per cent of the value of city improved property, and not over forty per cent of the value of desirable vacant city property; and about \$100.00 to \$150.00 per acre on country lands worth from \$700 to \$1000 per acre; the values in each case being fixed by the appraiser of the bank.

Sec. 100. If the application is granted, the borrower is required to execute a note and mortgage in form required by the lender, and to furnish, at expense of borrower, a certificate or abstract of title, and a transfer of the policy of insurance, if the premises are insured, and have a "mortgage clause" attached.

Sec. 101. The mortgage, the note, the certificate of title or abstract, and the policy of insurance, if the premises are improved, remain with the lender while the loan is in force.

Sec. 102. Two short-cut rules for computing interest:

(1.) Reduce the time to days. Multiply the principal by the number of days, and for 5 per cent divide by 72; for 6 per cent, by 60; for 7 per cent by 52; for 8 per cent by 45, and for 9 per cent by 60. Example: What is the interest on \$5,000 for

65 days at 6 per cent. Solution: 5000 times 65 equals 325,000; 325,000 divided by 60 equals \$54.17.

(2.) Reduce the time to days. Place the amount, the rate and the time in days above the line, and the figures 3, 3, 4 below, thus:

$$\begin{array}{r} \$5000 \quad 65 \quad 6\% \\ \hline 3 \quad 3 \quad 4 \end{array}$$

Eliminate factors by cancellation. Then multiply together the figures above the line and divide by the product of the figures below the line.

In either of above rules, if principal is in even dollars, point off three decimal places; if in dollars and cents, point off five decimal places; the result will be the amount of the interest in dollars, or in dollars and cents, as the case may be.

One of the above methods may be used to verify the other, or to verify interest figured by any other method.

Sec. 103. The maker of a note may reserve the right to pay it off at any time before maturity by paying a bonus of interest. This may be stated in the note as follows: "I hereby reserve the right to pay this note at any time before maturity by paying the principal, accrued interest, and thirty days additional interest as a bonus."

Sec. 104. Where a mortgage is given by the purchaser to the seller as a part of the purchase price, it is proper to insert in the mortgage these or equivalent words: "This mortgage is given to secure the balance of the purchase price for the above described premises." This is called a "purchase money mortgage," and imports on its face its full consideration, and the title companies will pass such a mortgage even though it be on community property and be signed by the husband only.

Sec. 105. Where property encumbered by a mortgage is sold to a person who assumes the mortgage, such assumption by the purchaser should be set forth in the deed conveying the property in express words, so that there cannot be any room for misunderstanding. (See Form No. 13-i-1.)

Sec. 106. The borrower should be very punctual in paying the interest on his loan. Building and loan associations require payment of interest and a payment on account of the

principal, to be made monthly; but whenever he can do so, the borrower should make his interest payable quarterly. If made payable annually, or semi-annually, the borrower has to accumulate and keep on hand monies with which to meet the interest for too long a time; quarterly payments on the whole will best meet the requirements of every one. Interest is not payable in advance, but for time past. Banks, as a rule, notify borrowers of the amount and date when interest payments become due. (See Form No. 30.) The borrower should not depend on receiving the notice, as a bank will occasionally overlook sending it out; he should have a memorandum of the exact amounts and precise dates when the several interest payments will fall due during the continuance of the loan and meet such payments punctually on that day or the day next preceding. The payments of interest, and of principal, are endorsed on the note.

Sec. 107. Of Mortgages.

(1.) A mortgage is a contract by which a specific property is hypothecated for the future performance of an obligation, without the necessity of change of possession.

(2.) Any interest in real property which is capable of being transferred, may be mortgaged.

(3.) A mortgage does not entitle the mortgagee to the possession of the property, unless authorized by the express terms of the mortgage.

(4.) A mortgage can be created, renewed, or extended, only by a written instrument, executed with the formalities required in the case of a deed.

(5.) A mortgage is a lien upon everything that would pass by a conveyance of the same property. In California, mortgages on personal property are limited to such articles as are specified in the Civil Code, growing crops, grapes and fruit being among the properties enumerated. The lien on a mortgage on a growing crop continues on the crop after severance from the land, whether the crop remains in its original state or is converted into another product, so long as the same remains on the land of the mortgagor. The following has been held to be a good and sufficient description in a mortgage on growing crops:

"All of the crops and products of whatever nature, which

are now standing or growing, or which shall or may hereafter at any time be sown, planted, cut or harvested by the said party of the first part during the continuance of this mortgage, on the following described lands and premises, situate, lying and being in the County of Santa Cruz, State of California, bounded and particularly described as follows, to wit:”

(6.) A mortgage of personal property, in California, is void as against creditors of the mortgagor and subsequent purchasers and incumbrancers of the property in good faith and for value, unless such mortgage is accompanied by the affidavit of all the parties thereto that it is made in good faith and without any design to hinder, delay or defraud creditors, and is acknowledged, certified and recorded in like manner as a deed. (See Form No. 38.) A personal property mortgage must be recorded in the office of the County Recorder of the county where the mortgagor resides at the time of making the mortgage, and if the property is situate in another county, also in the office of the County Recorder of that county, or of the county to which such property is removed.

(7.) Mortgages are executed, acknowledged, delivered and recorded the same as deeds. A mortgage should be recorded the same day the mortgagee receives it. If there is a “homestead” (See Chapter on Homes and Homesteads) on the property, and it is owned by a married person, it cannot be mortgaged or conveyed unless the instrument is signed and acknowledged by both husband and wife.

(8.) A mortgage may be assigned. The holder of the mortgage may make an assignment in writing, and such instrument, when recorded in like manner as the mortgage, operates as notice to all persons subsequently deriving title to the mortgage from the assignor. (See Form No. 32.) A transfer of the note carries with it the security, as the mortgage is the incident to the debt.

(9.) The mortgagee must pay the taxes on the mortgage under the California law. For a full explanation on this point see Chapter on Escrows.

(10.) The borrower of a thing for use must bear all of its expenses during the loan; and so where the mortgaged premises are improved, the mortgagor is required to keep the

premises insured for the benefit of the mortgagee as the interest of the latter in the property may appear.

(11.) A mortgage which has been recorded, when paid, may be discharged of record in one of two ways, namely: By an entry on the margin of the record book, signed by the mortgagee or his assignee, acknowledging satisfaction of the mortgage in the presence of the County Recorder, or by an instrument of partial release (See Form 29), or of full satisfaction (See Form No. 31), either of which must be recorded at length.

(12.) The forms of mortgage (See No. 28) in use usually provide that if any installment of interest or of principal remains unpaid for a certain time, or if the mortgagor makes breach of any condition contained in the mortgage, the holder of the mortgage may, at his option, commence suit for the foreclosure of the mortgage and recovery of the property. If the mortgage is not renewed or extended at maturity, and is not paid, the holder, of course, may commence suit for foreclosure. The time in which suit may be commenced after default or maturity varies in different States. In California, such suit must be commenced within four years. If not commenced within the time limited, the mortgage "outlaws;" that is, the statute of limitations goes into effect, and no action can then be brought to foreclose the mortgage. In case of suit, the mortgagee has to bear the costs of foreclosure. If suit is determined in favor of the holder of the mortgage, a sale of the premises is ordered by the court; the officer making the sale (usually the Sheriff) must give the purchaser a certificate of sale, and file a duplicate thereof in the office of the County Recorder. The certificate of sale can be assigned. Sales had under powers given in mortgages or trust deeds are scrutinized with great care by the courts, as such sales are harsh methods, and will not be sustained unless conducted in all fairness and integrity. One action only can be maintained for the recovery of a debt or enforcement of a right secured by mortgage on real estate or personal property, and such action must first exhaust the security, and if that is not sufficient to pay the debt, then a deficiency judgment may be entered against the mortgagor by the court. Where a note was endorsed originally or by way of transfer, if the security is not sufficient to extinguish

the debt, a separate suit can be maintained against the endorser for the deficiency.

(13.) All property, except personal property and leases, having less than two years to run, may be redeemed, in California, within twelve months after the decree of foreclosure has been entered. The right to redeem is called the equity of redemption and may be exercised by any one who has an equitable or legal lien upon the property. The redemptioner must pay the purchaser the amount paid by the latter, together with one per cent per month thereon to date of redemption, and assessments and taxes paid by such purchaser, and interest thereon. The mortgagor has the right to remain in possession of the mortgaged premises, if he is occupying same, during the foreclosure proceedings and until the right of redemption has been exercised or has expired.

Sec. 108. Of Trust Deeds.

(1.) A trust deed is a conveyance by one party, called the trustor, to a second party, called the trustee, as security for the performance by the first party of an obligation in favor of a third party, called the beneficiary. Such a deed authorizes the second party, upon default of the first party to meet the conditions of the deed, to sell the property and apply the proceeds to the secured obligation. The names of the beneficiaries are not always expressed in the deed, as where such a deed is given to secure corporate bonds. Such a deed conveys the legal title to the trustee, to enable the latter to convey the property in the event it is sold upon the default of the trustor. (See Form No. 34.) When the secured obligation has been satisfied, the property is re-conveyed by the trustee to the trustor. (See Form No. 35.)

(2.) Declarations of Trust are made for various purposes, such purposes being set forth at length in the declaration. (See Subdivisions.)

FORM NO. 27—APPLICATION FOR A LOAN—SAVINGS BANK.

APPLICATION FOR LOAN.

I do hereby apply to the Security Savings Bank of Los Angeles, Cal., for a loan of Two Thousand Dollars (\$2,000) for a term of three years, at 6 per cent interest per annum, to be paid quarterly from the date of signing note and mortgage.

To be secured by a first mortgage upon the following described real

estate, situated in the City of Los Angeles, County of Los Angeles, State of California, to-wit: Lot 376 of the Alexandre Weill Tract, as per map recorded in Book 26, page 85, Miscellaneous Records of Los Angeles County, having a frontage of 50 feet by 160 feet in depth, situated on the west side of Central Street, between 14th and 15th Streets, House No. 1402.

For the purpose of securing said loan I hereby make the following statements and answers: Buildings and improvements on said property are one 8-room house. Cash value of the land is \$3,000. Value of buildings is \$2,500. Total \$5,500. If leased, on what terms? \$35 per month. Are there any mortgages or other liens against the property? If so, describe them. None. In whom is title vested? In undersigned. How long have you owned the property? Two years. Name of applicant and wife. M. C. Cuddeback, unmarried. Who is in possession? James Howard. Under what kind of an agreement? Lease for two years from January 1, 1905. Is the property a homestead? No. Give date of completion of latest improvement. Two years since. Has notice of completion of improvement been recorded? It was.

It is understood by me that the taxes referred to by the Constitution and Revenue Laws of the State of California, referring to the payment by mortgagees of taxes assessed against them as owners of real estate, are only those general taxes assessed and collected for the support and maintenance of government, state, county and city or town. That all other taxes and assessments, including those levied or assessed for the opening, widening, grading, regrading and the improvement of streets, roads, highways; for the construction of sidewalks, sewers, and for school houses and for the support of schools, and those taxes levied by irrigation districts, are properly to be paid by me and not by the mortgagee, and I hereby declare that in case of the loan being applied for, being made by me, I will pay and discharge before delinquency, with my own money, and without expectation of reimbursement, all special taxes and assessments as hereinbefore mentioned that may be assessed against you on my property, except those for the support and maintenance of state, county and city or town government.

And I hereby agree to furnish a complete certificate of the title of my property acceptable to you at my expense; also to pay expense of acknowledgments and recording, and to permit the Title Papers to remain with the Security Savings Bank during the existence of the loan. I also agree to have the property insured in any company you may select in the sum of \$2,500 and deliver to you the policies.

You are hereby authorized to pay all liens and taxes out of the proceeds of the loan.

Dated, April 2d, 1904.

M. C. CUDDEBACK, (Seal)

Address, 1306 Santee Street. Telephone, Home 1131.

FORM NO. 28—MORTGAGE AND MORTGAGE NOTE.

THIS MORTGAGE, Made the thirteenth day of April, in the year of our Lord, One Thousand Nine Hundred and Four, by M. C. Cuddeback, an

unmarried man, of the City and County of Los Angeles, State of California, Mortgagor, to the Security Savings Bank, a corporation duly organized under the laws of the State of California, and having its place of business at the City of Los Angeles (which fact is hereby expressly admitted), Mortgagee;

WITNESSETH, That the Mortgagor hereby mortgages to the Mortgagee, all that certain real property situate in the City of Los Angeles, County of Los Angeles, State of California, and particularly described as follows:

Lot Three Hundred and Seventy-six (376), of the Alexandre Weill Tract, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 26, Page 85, Miscellaneous Records of said County, including all buildings and improvements thereon, or that may be erected thereon; together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; for the purpose of securing the promises and obligations of this mortgage and the payment of a promissory note in words and figures as follows:

\$2,000.00.

Los Angeles, California, April 13, 1904.

Three (3) years after date, and for value received, I promise to pay to the Security Savings Bank, or order, at its office in the City of Los Angeles, the sum of Two Thousand (\$2,000.00) Dollars, with interest from date until paid at the rate of nine (9%) per cent. per annum, payable quarterly. Should the interest not be so paid, it shall become a part of the principal and thereafter bear like interest as the principal. Should default be made in the payment of any installment of interest when due, then the whole sum of principal and interest shall become immediately due and payable at the option of the holder of this note. Principal and interest payable in gold coin of the United States. This note is secured by a mortgage of even date herewith.

M. C. CUDEBACK.

The Mortgagor agrees to pay, as soon as due, all taxes, assessments and incumbrances whatsoever, which may be, or appear to be, liens upon said property or any part thereof (except taxes levied or assessed upon this mortgage or upon the money secured hereby), and to keep said buildings insured against fire, to the amount required by, and in such insurance companies as may be satisfactory to, the Mortgagee and to assign the policies therefor to the Mortgagee; and to promptly pay or settle (or cause to be removed by suit or otherwise) all adverse claims against said property.

In case said taxes, assessments or incumbrances be not so paid, or said buildings so insured and said policies so assigned, or said adverse claims so paid, settled or removed, then the Mortgagee, being hereby made the sole judge of the legality thereof, may without notice to the mortgagor, pay such taxes, assessments or incumbrances, obtain such policies of insurance in its own name as Mortgagee, and pay or settle any or all

such adverse claims or cause the same to be removed by suit or otherwise.

The Mortgagor agrees to keep said property in good condition and repair and to permit no waste thereof, and should said property, or any part thereof, require any inspection, repair, cultivation, irrigation or protection, other than that provided by the Mortgagor, then the Mortgagee, being hereby made the sole judge of the necessity therefor, and without notice to the Mortgagor, may enter, or cause entry to be made, upon said property, and inspect, repair, cultivate, irrigate or protect said property as it may deem necessary. All sums expended by the Mortgagee in doing any of the things above authorized, shall be secured hereby and shall be paid to the Mortgagee by the Mortgagor in said gold coin, on demand, together with interest from the date of payment, at the same rate of interest (compounded monthly, until repaid), as is provided to be paid in the note hereinbefore set out.

In the event of a loss under said policies of fire insurance, the amount collected thereon, if any, shall be credited first to the interest due, if any, on said indebtedness, and the remainder, if any, shall be credited on the principal sum, and interest shall thereupon cease on the amount so credited on said principal sum.

The Mortgagor promises to pay said note according to the terms and conditions thereof; and in case of default in the payment of the same, or of any installment of interest thereon when due, or in the performance of any of the covenants or agreements herein contained on the part of the Mortgagor, the whole sum of money then secured by this mortgage shall become immediately due and payable at the option of the holder of said note and this mortgage may thereupon, or at any time during such default, be foreclosed, and the filing of the complaint in foreclosure shall be conclusive of the exercise of such option by the Mortgagee without any other notice thereof to said Mortgagor.

In case any action be brought to foreclose this mortgage, the Mortgagor agrees to pay all costs and expenses thereof, including a reasonable sum to be fixed by the Court, as attorney's fees whether suit progress to judgment or not; also such sums as said Mortgagee may pay for searching the title to the mortgaged property subsequent to the date of record of this mortgage, or for surveying said property and said attorney's fees, and all sums so paid or expended shall become due upon filing of the complaint, shall be secured hereby and shall be repaid to the Mortgagee in said gold coin.

In any such action to foreclose this mortgage a Receiver shall, upon application of the plaintiff therein, and without notice to the Mortgagor, be appointed by the Court to take charge of said property, to receive and collect the rents, issues and profits thereof, and apply them to the payment of the taxes which may be due or become due during the pendency of the action and until sale be finally made, and to the costs and commissions of the Receiver, in a reasonable sum to be fixed by the Court, and to any deficiency which may remain after the property shall have been sold.

It is also agreed that should this mortgage be foreclosed, then in the

decree of foreclosure entered in such action, the property described therein may be ordered sold en masse—or as one lot or parcel—and not as several parcels, at the option of the Mortgagee.

The Mortgagor also hereby mortgages the property hereinbefore described, to secure every promise and agreement herein contained, direct or conditional, and guarantees and affirms that said property is now free from any secret equities, trusts or incumbrances made or suffered by, or known to, said Mortgagor.

Every stipulation, agreement and appointment herein in favor of said Mortgagee, shall apply and inure to the benefit of its successors or assigns.

WITNESS the hand and seal of said Mortgagor the day and year first above written.

M. C. CUDDEBACK, (Seal)

(Acknowledgment.)

FORM NO. 29—PARTIAL RELEASE OF MORTGAGE.

PARTIAL RELEASE OF MORTGAGE.

IN CONSIDERATION of the payment of Eight Hundred (\$800.00) Dollars, Gold Coin, part of the money secured by a certain mortgage, dated April 13th, 1904, made by M. C. Cuddeback, of the City and County of Los Angeles, State of California, to the Security Savings Bank, a corporation, duly organized under the laws of the State of California, and having its place of business in the City of Los Angeles, and recorded on the 21st day of April, 1904, in Book 1010 of Mortgages, at page 234, Los Angeles County Records, the following described property is hereby released and discharged from the lien of said mortgage, to-wit: Lot Three Hundred and Seventy-six (376), of the Alexandre Weill Tract, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 26, page 85, Miscellaneous Records of said County. And the rest of said land in said mortgage specified remaining as security to the said Mortgagee as heretofore.

IN WITNESS WHEREOF, The said SECURITY SAVINGS BANK has caused these presents to be duly signed by its Vice-President and its Secretary, and has caused its corporate seal to be hereunto affixed this 15th day of September, 1904.

(Corporate Seal)

SECURITY SAVINGS BANK.

By Vice-President.

And Secretary.

(Corporate Acknowledgment.)

FORM NO. 30—INTEREST NOTICE.

SECURITY SAVINGS BANK.

Los Angeles, Cal., July 3d, 1904

M. C. Cuddeback, Esq., 1306 Santee Street, City.

Dear Sir:—There will be due on July 13, 1904, interest to the amount

of \$30 on your note in the sum of \$2,000, dated April 13, 1904, in favor of this bank. Please bring this notice with you.

Yours respectfully,

No. 3570

SECURITY SAVINGS BANK.

FORM NO. 31—FULL SATISFACTION OF MORTGAGE.

KNOW ALL MEN BY THESE PRESENTS: That M. T. Brooks does hereby certify and declare that a certain mortgage, bearing date the 3d day of March, 1904, made and executed by Amos Judd, the party of the first part therein, to M. T. Brooks, the party of the second part therein, and recorded in the office of the County Recorder of the County of Orange, State of California, in Book 44 of Mortgages, at page 123, on the 3d day of March, 1904, together with the debt thereby secured, is fully paid, satisfied and discharged.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the 2d day of March, one thousand nine hundred and five.

M. T. BROOKS. (Seal)

(Acknowledgment.)

FORM NO. 32—ASSIGNMENT OF MORTGAGE.

KNOW ALL MEN BY THESE PRESENTS: That E. J. Troxler, of the County of Orange, State of California, the party of the first part, for and in consideration of the sum of Ten Dollars, Gold Coin of the United States of America, to him in hand paid by Oscar A. Taylor, of the County and State aforesaid, the party of the second part, the receipt whereof is hereby acknowledged, does by these presents, grant, bargain, sell, assign, transfer and set over, unto the said party of the second part, a certain Indenture of Mortgage, bearing date the 12th day of June, one thousand nine hundred and four, made and executed by George W. Young, Mortgagor, to said E. J. Troxler, Mortgagee, and recorded on the 13th day of June, 1904, in Book 46 of Mortgages, at page 21, in the office of the County Recorder of the County of Orange, State of California, and securing the payment of one certain promissory note (a copy of which is set forth in said mortgage) in the sum of \$1,000, bearing date the said 12th day of June, 1904, and payable two years after date with interest at rate of 9% per annum, together with the note therein described, and the money due, and to grow due thereon, with the interest.

To have and to hold the same unto the said party of the second part, and to his executors, administrators and assigns, for his and their use and benefit; subject only to the proviso in the said Indenture of Mortgage mentioned. And the said party of the first part does hereby make, constitute and appoint the said party of the second part his true and lawful attorney, irrevocable, in his name or otherwise but at the proper costs and charges of the said party of the second part, to have, use and take all lawful ways and means for the recovery of the said money and interest; and in case of payment, to discharge the same as fully as the said party of the first part might or could do if these presents were not made.

IN WITNESS WHEREOF, The said party of the first part has hereunto

set his hand and seal the 20th day of November, in the year of our Lord, one thousand nine hundred and four.

E. J. TROXLER. (Seal)

Signed, sealed and delivered in the presence of

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(Acknowledgment.)

FORM NO 33—APPLICATION FOR A LOAN—BUILDING AND LOAN ASSOCIATION.

LOAN NO.

To the Board of Directors of the State Mutual Building and Loan Association, of Los Angeles, California:

GENTLEMEN:—I desire to obtain from your Association a loan of Fifteen Hundred Dollars upon stock of the Association, secured by first mortgage or deed of trust upon real estate hereinafter described, situated in the City of Los Angeles, County of Los Angeles, State of California:

(Here give description of Property by Lot and Block, etc.)

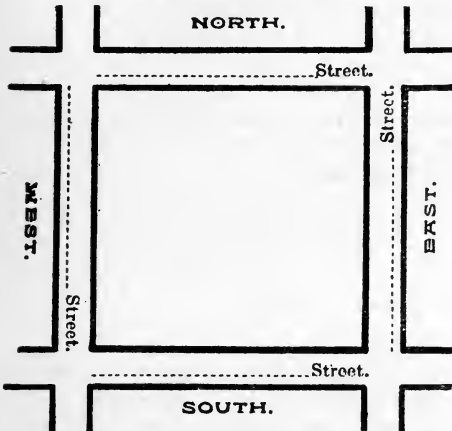
Lot 378 of the Alexandre Weill Tract. Title now vested in me. Address..... Present incumbrance and amount? \$2000. Interest on same paid to what date? June 15, 1903. For what purpose will this money be used? To retire present loan. Has a declaration of homestead been made? No. Occupation, Capitalist. Age..... Married, No. Full name of wife or husband. (When application made by wife give husband's name, occupation and age here.) How much per month do you wish to pay on this loan? \$. No. Shares..... Is your financial condition such that you can make the required monthly payments? Yes. From what source does Applicant expect to receive money to meet monthly payments of dues? From rentals. Is any one other than Applicant in possession of any part of the premises? Yes. If so, give name, and state by what right such person is in possession. James Boyd; under written lease.

FOR CITY OR TOWN PROPERTY.

On what street? Sixth Street. Between Gladys and Crocker. Size of ground, 60x125. Street number of building? 723. Do you occupy the premises? No. Is it rented? Yes. How much per month? \$80. What would it rent for per month? Distance from business center? Six blocks. Describe surroundings (*viz: business houses, residences, etc.*) Business and residences. Is the street graded and macadamized, or paved? Not paved. Is the town incorporated? Yes. Is the property in the corporate limits? Yes. Distance to street car? On line. Distance to railway depot? Five blocks. Give any further particulars as specified above. Value of land \$3000. Improvements, to go on \$. Improvements, now on, \$3500. Total, \$6500. Is any building in process of erection? No. Is any contracted for? No. What is the contract price? \$. What amount of insurance will you carry? \$3000. House now on (or to go on).....stories.....rooms. Number of rooms or other improvements to be added to present house? None. Size of

house? 40x65. How finished inside? Pine. Any barn? No. Size of barn..... For what purpose is the property used? Apartments. What is the water supply? City water.

DIAGRAM OF LOCATION.



Mark the lot on this plat in reference to the direction in which it fronts, and the names of the streets which surround the block.

I hereby agree to assign to this Association one or more shares of its capital stock for every One Hundred Dollars I borrow, and I will furnish at my own expense a complete and acceptable Abstract, or Certificate of Title, to the property, and will pay all necessary expenses connected with the loan (including the charges of counsel for examining title if an abstract is furnished), and as long as I have the loan I will carry fire insurance of such an amount and in such companies as is required by the association, with the clause attached, "Loss if any payable to them as their interest may appear," and if by reason of any defect in the title, or change of circumstances, this loan is not taken by me after this application is accepted, I will pay the Association the amount of the Appraisal Fee, and any money expended on my account. I FURTHER DECLARE THAT THE ANSWERS WRITTEN IN THIS APPLICATION ARE TRUE.

(Signed) ELIZA DONOVAN,
918 W. 23d Street,
Los Angeles, Cal.

Dated, June 3d, 1903.

To AGENTS OR APPLICANTS: The Appraisal Fee should be paid in advance and handed with this application to your Appraisal Committee.

REPORT OF APPRAISAL COMMITTEE.

(Please answer all Questions; answers will be strictly confidential.)

(Appraiser will return this application direct to the Home Office, 141 South Broadway, Los Angeles, Cal.)

Having examined all the property herein described, we estimate the value as follows:

Ground - - - - - \$.....
 Buildings now on property - - - - - \$.....
 Other improvements consisting of.....\$.....
 Buildings to be erected or improvements to go on.....\$.....
 From what source are damages to be apprehended?.....
 To what extent may depreciation of value be expected?.....
 Is property in the vicinity selling?.....At what price?.....
 Is this saleable property?.....
 Distance from business center?.....
 WHAT IS APPLICANT'S REPUTATION FOR PAYING HIS DEBTS?.....
 Can applicant meet the required monthly payments?.....
 Has applicant intemperate or other bad habits?.....
 Of what race is applicant?.....
 Condition of improvements.....
 Is the property in a good location?.....
 What would it rent for per month?.....
 For what amount would you recommend a loan?.....

REMARKS.

[Appraisal Committee cannot be too particular in giving us the fullest data not only as to the material, but also as to the moral risk of a loan. We do not want to make any loans, no matter how good the security, where there is any probability of our having ultimately to take the property. Please give us here any information, not covered by the above, which may be useful to us in considering the application.]

HAS THE APPRAISAL FEE BEEN PAID?.....

Committee.

Date.....190....

FORM NO. 34--DEED OF TRUST TO SECURE NOTE.

THIS DEED OF TRUST, Made this 10th day of June, Nineteen Hundred and Three, between Eliza Donovan, an unmarried woman, of Los Angeles, California, the party of the first part, and the Title Insurance & Trust Company, a corporation, party of the second part, and the State Mutual Building and Loan Association, a corporation, party of the third part.

WITNESSETH: That, whereas, the said first party has borrowed of the said third party certain moneys in Gold Coin of the United States and has agreed to repay the same with interest in the manner and at the time mentioned in that certain promissory note of which the following is a copy, to-wit:

\$1300

LOS ANGELES, CAL., June 10, 1903.

On or before nine years after date, without grace, for value received, I promise to pay to the State Mutual Building and Loan Association, a corporation, or order, at its office in the City of Los Angeles, County of Los Angeles, State of California, the sum of Thirteen Hundred Dollars,

with interest thereon from the date hereof, at the rate of twelve per cent. per annum, and in addition thereto the sum of \$7.80 monthly dues; all of said sum of interest and dues to be paid monthly on the first day of each and every month, from the date hereof; and in default of any of such payments on or before the tenth day of the month in which the same becomes due, I agree to pay the sum of \$1.30 for each month of such delinquency, as a fine; and should interest and dues not be paid monthly, then the whole sum of principal, interest, dues and such fines shall become immediately due and payable at the option of the holder of this note. All of such payments to be made in Gold Coin of the United States. This note is secured by a Deed of Trust of even date herewith.

ELIZA DONOVAN.

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That the said party of the first part, in consideration of the aforesaid indebtedness to the party of the third part and of One Dollar to her in hand paid by the party of the second part, the receipt whereof is hereby acknowledged; and for the purpose of securing the payment of said promissory note, and of any sum or sums of money, with interest thereon, that may be paid or advanced by, or may otherwise be due to, the party of the second or third part under the provisions of this Instrument, does by these presents grant, bargain, sell, convey and confirm unto the party of the second part, and to its successors and assigns, that piece or parcel of land situate in the City of Los Angeles, County of Los Angeles, State of California, described as follows:

Lot Three Hundred Seventy-eight (378) of the Alexandre Weill Tract, as per map recorded in Book 26, pages 85 and 86, Miscellaneous Records of said County.

TO HAVE AND TO HOLD the same with all appurtenances to the party of the second part and to its successors and assigns, upon the Trusts and confidences hereinafter expressed, to-wit:

FIRSTLY.—During the continuance of these Trusts, the party of the third part and the party of the second part, their successors or assigns, are hereby authorized to pay without previous notice all liens or incumbrances now subsisting, or that may hereafter subsist, upon said premises, except taxes or assessments on this Trust Deed or the money secured hereby, which may in their judgment affect said premises or these trusts, at such time as in their judgment they may deem best or in their discretion for the benefit and at the expense of said party of the first part; to contest the payments of such liens or incumbrances, and to institute or defend any suit or proceeding that they may consider proper to protect the title to said premises; and insurance shall be maintained on the buildings on the premises to the satisfaction of the party of the third part at the expense of the first party; and these Trusts shall be and continue as security to the parties of the second or third part, or their assigns, for the repayment, in Gold Coin of the United States, of the money so borrowed by the said party of the first part, and the interest thereon, and of all amounts so paid out and costs and expenses incurred as aforesaid,

whether paid by the party of the second or third part, which shall be repaid on demand, and if not so paid, shall bear interest at the rate of two per cent. per month thereafter until paid.

SECONDLY.—In case the said party of the first part shall well and truly pay, or cause to be paid, at maturity, in Gold Coin, as aforesaid, all sums of money so borrowed, as aforesaid, and the interest thereon, and shall upon demand repay all other moneys secured or intended to be secured hereby, then the party of the second part, its successors and assigns, shall reconvey all the estate in the premises aforesaid granted by this instrument unto said Eliza Donovan, her heirs or assigns, at her request and cost.

THIRDLY.—If default be made in the payment of any of the sums secured by this Trust Deed when due, by the terms of said promissory note or this instrument, then the whole of said sums shall become immediately due and payable at the option of said third party, its successors or assigns. And the said second party, when notified so to do by said third party, shall proceed at once to advertise and sell said property at public auction to pay the several sums hereby secured and expense of sale, including Fifty Dollars, counsel fees. Notice of the time and place of such sale, with a description of the property to be sold, shall be published at least once each week for four successive weeks in some newspaper published in the City of Los Angeles, California, at which said city such sale shall be made. If the property to be sold is situated in any county other than Los Angeles, then a similar notice shall also be published in some newspaper in the county where said property is situated. Said sale may be postponed from time to time by publication, and on the day of sale so advertised or any day to which the same may be postponed, said second party shall sell the property so advertised at public auction to the highest bidder for cash, Gold Coin of the United States, and any party hereto, their successors or assigns, may purchase at such sale. And the said second party, after payment to it of all the sum so bid at such sale, shall execute and deliver to the purchaser, his heirs or assigns, a Deed of Grant, Bargain and Sale, conveying to him the above granted premises, and out of the proceeds thereof shall pay, first, the expenses of making such sale including \$50.00 counsel fees; next, shall pay said third party the entire sum due it at the time of such sale, if said proceeds be sufficient, and lastly, any surplus remaining shall be paid to said first party, her heirs or assigns.

And in the event of the sale of said premises or any part thereof, and the execution of a deed or deeds thereof under these Trusts, then the recitals therein of default, publication, sale and receipt of the purchase money, shall be conclusive proof of such default and the due publication of such notice of the sale to the highest bidder, receipt of the purchase money and execution of the deed to the purchaser, and any such deed or deeds with such recitals therein shall be effectual and conclusive against the said party of the first part, her heirs or assigns, and all other persons; and the receipt for the purchase money contained in any deeds executed

to the purchaser, as aforesaid, shall be a sufficient discharge to such purchaser, from all obligation to see to the proper application of the purchase money, according to the Trusts aforesaid, and such purchaser, on the production of such deed, shall be entitled to the immediate possession of said premises.

THIS DEED OF TRUST, in all its parts applies to and binds the heirs, administrators, executors, successors and assigns of all and each of the parties hereto.

IN WITNESS WHEREOF, the party of the first part has hereunto set her hand and seal the day and year first above written.

ELIZA DONOVAN. (Seal)

The foregoing trust is hereby accepted.

TITLE INSURANCE & TRUST COMPANY.

(Seal) O. P. CLARK, Secretary.

State of California, County of Los Angeles, ss.

On this 10th day of June, in the year of our Lord one thousand nine hundred and three, before me, Samuel Bristow, a Notary Public in and for the County of Los Angeles, State of California, residing therein, duly commissioned and sworn, personally appeared Eliza Donovan, known to me to be the person described in and whose name is subscribed to the foregoing instrument, and she acknowledged to me that she executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(Seal)

SAMUEL BRISTOW,

Notary Public in and for Los Angeles County, State of California.

(Endorsement.)

DEED OF TRUST; 154; compared; Eliza Donovan to Title Insurance and Trust Company, in trust for State Mutual Building and Loan Association. Dated June 10, 1903.

Recorded at request of Grantee, June 10, 1903, at 43 minutes past 1 p. m., in Book 1802, page 239, of Trust Deeds, Los Angeles County Records. Calvin Hartwell, County Recorder: by R. L. Hazen, Deputy. Fees \$2.10.

FORM NO 35—RECONVEYANCE OF TRUST PROPERTY.

THIS INDENTURE, Made this 4th day of February, A. D. 1906, witnesseth: That, whereas, the promissory note, for the sum of Thirteen Hundred (\$1300) Dollars, with interest, mentioned as secured by that certain Deed of Trust made by Eliza Donovan, an unmarried woman, to the Title Insurance and Trust Company, a Corporation organized and existing under the laws of the State of California, and having its principal place of business at the City of Los Angeles, County of Los Angeles, State of California, as second party, which said Deed of Trust is dated the 10th day of June, 1903, and recorded in the office of the County Recorder of the County of Los Angeles, State of California, on the 10th day of June, 1903, in Book 1802, page 239 et seq. of Trust Deeds, together

with all other sums and indebtedness secured by said Deed of Trust, have been fully paid and satisfied.

Now, THEREFORE, in consideration of such payment, and also the sum of One Dollar, the receipt whereof is hereby acknowledged, the said Title Insurance and Trust Company aforesaid does hereby remise, release and reconvey, without warranty, unto Eliza Donovan, her heirs and assigns, all the estate in the premises described in said Deed of Trust to said Title Insurance and Trust Company by said Deed of Trust granted, and now held by said Title Insurance and Trust Company, reference being hereby made to said Deed of Trust and the said record thereof for a particular description of said premises.

To HAVE AND TO HOLD the same, without warranty, unto the said Eliza Donovan, her heirs and assigns forever.

IN WITNESS WHEREOF, said Title Insurance and Trust Company has caused these presents to be duly signed by its President and attested by its Secretary under its corporate seal, the day and year first above mentioned.

TITLE INSURANCE AND TRUST COMPANY.

(Corporate Seal)

By.....*President*

Attest.....*Secretary*.

(Acknowledgment.)

FORM NO. 36—AGREEMENT TO EXTEND MORTGAGE AND INCREASE RATE OF INTEREST.

THIS AGREEMENT, made in duplicate, this second day of March, 1904, between E. J. Blair, of the County of Los Angeles, State of California, the party of the first part, and M. T. Brooks, of the County and State aforesaid;

WHEREAS, Said party of the first part holds a certain mortgage, dated March 3d, 1903, and recorded in the office of the County Recorder of the County of Orange, in Book 44 of Mortgages, at page 123, as security for a certain promissory note in the sum of \$1000, bearing date March 3d, 1903, and payable one year after date with interest at the rate of 9 per cent. per annum, payable quarterly, a copy of which said note is set out in said mortgage; and,

WHEREAS, no partial payments have been made on the principal of said note, the interest thereon has been paid in full to date, and said note has by its terms become due and payable; and

WHEREAS, Said party of the first part is willing to extend the time for the payment of said note for the further term of six months, provided said party of the second part shall pay interest thereon at the rate of 10 per cent. per annum from this date until paid, payable quarterly as in said note provided:

Now THEREFORE, This Agreement Witnesseth: In consideration of the premises, and of one dollar by each to the other in hand paid, the receipt whereof is hereby acknowledged, the parties hereto do hereby mutually covenant and agree that the time for the payment of said note shall be and is hereby extended to September 3d, 1904, and that said note

shall bear interest from and after this date until paid, at the rate of ten (10) per cent. per annum, payable quarterly, as in said note provided; and said note and mortgage are hereby ratified and confirmed and are to continue in full force and effect, except as modified by this agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

E. J. BLAIR, (Seal)

M. T. BROOKS. (Seal)

(Acknowledgment.)

FORM NO. 37—INSTALLMENT NOTE.

\$2000.00.

LOS ANGELES, CAL., February 10, 1905.

On February 10th, 1906, at 12 o'clock noon of said day, for value received, I promise to pay to Yon Yonson or order, at American National Bank, the sum of Two Thousand Dollars, with interest at the rate of Nine (9) per cent per annum from date until paid, interest payable quarterly from date. Should the interest not be paid quarterly from date, then the whole sum of principal and interest shall immediately become due and payable, and interest shall be compounded each quarter from date thereafter at the same rate, principal and interest payable in gold coin of the United States. This note is payable in installments of \$50.00 each, payable upon the tenth day of each calendar month subsequent to the date hereof, and default in the payment of any installment when due shall cause the whole note, principal and interest, to become immediately due and payable.

OLE OLESON.

FORM NO 38—AFFIDAVIT TO PERSONAL PROPERTY MORTGAGE.

STATE OF.....

COUNTY OF.....

.....
the Mortgagor.. in the foregoing Mortgage, named, and.....
..... the Mortgagee...
in said Mortgage named, each being duly sworn, each for himself, doth depose and say: that the aforesaid Mortgage is made in good faith and without any design to hinder, delay, or defraud any creditor or creditors.
.....

Subscribed and sworn to before me, this day of....., 189..., at the County of

.....

CHAPTER VII.

TRANSFER OF TITLE IN ESCROW. TAXES AND INSURANCE.

Escrow Defined—Risks Attending Transfers in the Ordinary Private Way—Abstract Defined—What it Consists of—The Work of the Searcher of Title—Limited and Unlimited Certificates of Title Defined—Policy of Title Insurance—Closing Transfers of Title in Escrow by Title Companies Fully Described—Liability of Title Company or Abstracter—Making Escrows with Banks—Insurance, and Policy of Insurance, Defined—Policy Must Be Transferred Contemporaneously with Transfer of Title—Taxes Defined—How Same are Collected—Penalties for Making Evasive Returns—Application to Board of Equalization by Aggrieved Taxpayer—When and in What Amounts Taxes are Payable—Delinquencies.

Sec. 109. An Escrow, in respect to a conveyance, is an obligatory writing, delivered by the grantor or person making the conveyance, to a third person, to be held by the latter until the performance of a specified condition by the grantee or person in whose favor the conveyance is made, and upon the performance of the condition or happening of a certain contingency, the conveyance takes effect. The person to whom the conveyance is delivered is called the depositary or escrowee.

Sec. 110. The purpose of this chapter is to explain the handling of real estate transactions in escrow as practiced in large cities by title companies. The parties to a real estate transaction, instead of closing up the deal in the office of a real estate broker or an attorney who may be connected with the transfer, have recourse to the escrow department of the title company. There are many opportunities for something to occur to affect the title from the time the agreement of sale is signed until the certificate of title is written to date (usually requiring about ten days) and the purchase money paid over. There are fourteen places where transactions affecting the title to real estate are proceeding during each working day in the public offices of the City and of the County of Los Angeles, and the same is true in varying degrees in the public offices of other cities and counties throughout the country. Judgments and decrees are docketed by the courts; deeds, mortgages and leases are recorded; State and County, and City taxes are levied or paid; liens for street assessments and of mechanics and others are placed on record; and these may change or divest the title on the faith of which the parties are dealing. Land is subject to the lien of taxes, judgments and other like charges more readily than any other form of prop-

erty, because its ownership is more open and notorious and can be easily ascertained from the public records.

Sec. 111. The law requires that every instrument affecting the title to real estate shall be recorded, and when such an instrument is properly executed and recorded, it imparts notice to all persons of its contents; and thereafter, purchasers and incumbrancers of the same property are considered in law to have notice of the interest which the recorded instrument creates. A knowledge of these facts and a desire to guard against fraud, induces all persons about to make an investment in real estate, to insist upon having an examination of title made, and a certificate of title issued by a reputable title company before the purchase is consummated and the money paid over to the seller. Out of this demand has grown the business of title examination.

Sec. 112. In times past, the searching of all public records was made by abstracters. This is still the case in the smaller counties. The result of the search takes the form of an Abstract of Title. The searcher, in preparing this, begins with the patent issued by the United States Government, and then, in chronological order, gives an abstract of the contents of every deed and other instrument of record, and these are given so fully that no reasonable inquiry of an attorney or other person reading the Abstract will remain unanswered and yet so briefly as to exclude irrelevant details. In many cases, the Abstracter is obliged to commence with the first instrument of any kind of record and set forth all subsequent transfers, as a particular piece of land, if unpatented, may for years have been held by claimants having conflicting possessory titles. The wording of every certificate of acknowledgment is given, for if any one of these is defective, that particular instrument would not impart notice of its contents. The Legislature, from time to time, makes changes in the law respecting the forms of acknowledgments, and a certificate of acknowledgment at a particular date must conform to the law in force at that date. A map or diagram, giving an outline of the property, and its relation to contiguous properties, usually accompanies an Abstract. These Abstracts, where they relate to large tracts of land, held originally by one

person, and afterwards acquired by various small holders, under divers colors of title, and attended by much litigation as to boundaries, etc., become very voluminous and of considerable pecuniary value, because of the amount of time and degree of care required to compile them. When completed, such an Abstract is turned over to an attorney for examination, and when such examination is finished, the attorney issues his written opinion thereon, pointing out the defects, if any, and advising his client whether or not he can safely purchase the premises. It can easily be imagined that such a procedure must necessarily be slow, expensive and not entirely satisfactory.

Sec. 113. An examination of title consists of a search in the various public offices for the record of deeds, leases, mortgages, trust deeds, judgments, taxes, street assessments and other information affecting the property. Such examinations are made by searchers—men skilled in that particular profession—who make minutes of their examination as they proceed, and these minutes are afterwards re-examined by the attorneys of the title company. No certificate is issued until such examination and re-examination has been made, and every court proceeding, deed, mortgage, release, etc., affecting the property under search, have been considered and passed upon. The searchers and attorneys use specially prepared blanks, and these, taken together, constitute the office memoranda of the title company. On the basis of these memoranda, certificates of title or policies of title insurance are issued.

Sec. 114. Certificates of title may be limited or unlimited. A Limited Certificate commences at a certain date, such as the record of the decree in a suit for partition or the like, as may be indicated by the parties ordering the certificate, and embraces intermediate time up to the date of the certificate. It does not cover the entire title. An Unlimited Certificate of Title covers the entire title from the very first instrument of record affecting the premises described down to the date of the certificate. (See Form No. 47.) The majority of transfers are done on the faith of the Unlimited Certificate of Title. A Continuation Certificate of Title covers the time from the date of the last certificate to the date of the continuation.

Sec. 115. A Policy of Title Insurance guarantees the purchaser or holder against loss or damage which he may sustain by reason of defects in the title to the land he buys, not only such as may appear of record, but also many not disclosed of record, which the most searching examination of the records could not discover; among these are forgeries, secret marriages, insanity, heirship, alienage, etc. Policies are applicable to all the varying forms of real estate transactions. Appropriate forms are issued furnishing indemnity not only to owners, but to holders of deeds of trust and mortgages. (See Form No. 48.) The most important element of a Policy is that the party insured is enabled to avoid expense in defending the title, and is secured against loss if the title fails. Attacks on titles are frequently made under various specious claims. If the attack proves successful, the loss is increased by the amount of the expense of the suit, but even if the attack be warded off, the cost of defense may, and often does, entail serious inconvenience and sometimes embarrassment. If the title is insured, all such trouble and expense can be avoided, as the Title Company always stands ready to defend. Liability under the policy matures when a defect, liable to cause loss, is discovered and properly made known to the Company.

Sec. 116. Closing real estate transactions in escrow by title companies is of especial value to the public, as it relieves both the seller, who is parting with his property, the buyer, who is parting with his money, and also the real estate broker, if he be concerned, of all responsibility, and places the entire matter in the hands of specialists, who will consummate the deal in accordance with the written instructions of the parties, safeguarding every step. By making transfers in escrow, the risks before pointed out attending such transfers, are entirely avoided. The purchaser deposits his money with the company, and in connection therewith gives his instructions, as in Form No. 40, and signs same. These instructions will vary according to circumstances, but in general will direct the title company to obtain from the seller:

(1.) A deed to the premises, in favor of the purchaser, or of some person or corporation designated by him.

(2.) If there be a mortgage on the premises, either (a) the payment of same, in which case a release is to be obtained and recorded; or (b) the assuming of the mortgage by the purchaser, in which case the deed is to be made subject to the mortgage (See Form No. 13 for the correct wording of this) and the purchase price will be composed of the amount of the mortgage and a balance to be paid in cash, the seller paying the interest to the date of the transfer.

(3.) If a new mortgage is to be given, it will be given either (a) to the seller, and be evidenced by a promissory note secured by mortgage on the premises sold, or (b) be given to a third party and be evidenced by a promissory note and mortgage, and the money so borrowed will come in the shape of a check or draft from such third party.

(4.) If the premises are held by a lessee, under a written lease, a written assignment from the seller to the buyer is to be obtained and recorded, provided the original lease is of record.

(5.) If there be insurance on the premises, a transfer of the policy of insurance, together with the assent to such transfer by the insurance agents, such transfer of insurance to take effect practically simultaneous with the transfer of the property.

(6.) A rebate agreement, as per Form No. 42.

(7.) A stipulation as to who shall pay or assume the unpaid taxes, if any.

The seller also gives his instructions as per Form No. 39 and ratifies the purchaser's instructions, by signing at the bottom of Form No. 40. These forms are filled out by the clerks in the escrow department in accordance with the verbal instructions of the parties, and each party is given a card having on it the name of the clerk and the number of the escrow, and all inquiries concerning the escrow are to be made by number. The purchaser also receives a receipt for any money paid in by him in connection with the escrow.

Sec. 117. Attached to certificates and title policies are plats of the premises, giving dimensions, and showing width of streets and alleys.

Sec. 118. As suggested in Section 68, it is advisable be-

fore the escrow instructions are given, to have a written agreement, covering every phase of the transaction, and providing in particular that the deposit and part payment shall be forfeited to the seller in case the buyer shall fail to carry out his part of the agreement within the time limited, and for the seller to receive into his possession such deposit, and, if in the shape of a check, to have same converted into cash immediately. The escrow instructions, in such case, will take into account, only the remainder of the money. Instances have occurred where purchasers, after placing a deposit evidenced by a check in escrow and giving escrow instructions, have been afflicted with chilled extremities and either stopped payment on the check or withdrew their accounts at the banks, thus defeating the sale. The escrow instructions do not provide for this contingency.

Sec. 119. The liability of a title company or of an abstractor of records is to the party employing it or him and not to any one else. The person named in the certificate, or abstract, as he at whose request it is made, is the person in whose favor the liability exists. If a certificate of title or an abstract is ordered by the owner of land for the purpose of making a sale to a purchaser, and a sale is effected, and the purchaser is injured by reason of errors and omissions in the certificate of title or abstract, the purchaser cannot recover damages therefor from the title company or abstractor; he must look to the seller for such damages and the seller must look to the maker of the certificate or abstract. The measure of such damages is the actual loss to the party injured.

Sec. 120. Conveyances and other papers are also oftentimes placed in escrow with banks. (See Form No. 44.) The bank makes an envelope for the escrow as per Form No. 46.

Sec. 121. Real estate dealers and others will find Form No. 45 very convenient for caring for escrows. This is an envelope, in which all papers relating to the escrow can be kept and entries made on the outside for reference or for the book-keeper.

Sec. 122. Insurance.

(1.) Insurance is a contract whereby one, called the insurer, undertakes to indemnify another, called the insured,

against loss, damage or liability arising from an unknown or contingent event. The sole object of insurance is to indemnify the insured and the latter must have an insurable interest in the thing insured.

(2.) A policy of fire insurance is a written instrument whereby insurance is effected, and which sets forth the name of the insured, a description of the property, the rate of premium, the time during which the insurance is to continue and the interest of the insured in the property, if he is not the absolute owner thereof.

(3.) A change of interest in the thing insured, unaccompanied by a corresponding change of interest in the insurance, suspends fire insurance to an equivalent extent until the interest in the thing and the interest in the insurance is vested in the same person. A transfer of the thing insured does not transfer the policy until the same person becomes the owner of both the policy and the thing insured.

(4.) When real estate, which is insured, is transferred, it is necessary that the policy be transferred by a written assignment contemporaneously with the transfer of the title, and such assignment of the insurance must be assented to in writing by the agents of the insurance company.

(5.) Where the seller disposes of property which is insured and takes back a mortgage as part of the purchase price, and also where a mortgage is given for money borrowed, a "mortgage clause" is attached, providing that the insurance shall be payable to the mortgagee as his interest may appear.

Sec. 123. Taxes.

(1.) Taxes are revenues collected for the purpose of administering the government. The design of the law is that all property, not exempt, shall be taxed in proportion to its value. Taxes are assessed by officers appointed for that purpose, called assessors. The County Assessor makes his assessment between the first Mondays of March and July of each year, and he must ascertain the names of all taxable inhabitants and a list of all property in his county subject to taxation, and must assess such property to the person by whom it was owned or claimed at 12 o'clock noon, the first Monday of March. Land, in parcels not exceeding 640 acres, and the im-

provements thereon, are assessed separately; these, and also all personal property, are assessed at their full cash value, namely, the amount at which the property would be taken in payment of a just debt from a solvent debtor. The assessment is made on blanks furnished by the assessor, and such blanks, when filled up, must be sworn to, if required. Every person refusing to make a statement or subscribe an affidavit is liable to a fine of \$100.00. Any property wilfully concealed, transferred, or misrepresented to evade taxation must, upon discovery, be assessed at not exceeding ten times its value. Any property discovered by the assessor to have escaped taxation in the last preceding year, if such property remains under the control of the party who then owned it, must be assessed at double its value. Taxes are a judgment lien and have the effect of an execution and the lien attaches on the first Monday of March.

(2.) The assessor must collect taxes on all personal property unsecured by real estate at the time of making his assessment, and such taxes are computed on the basis of the rate for the preceding year. If the taxpayer thinks the assessor in error, he should pay the taxes and bring the matter before the Board of Equalization, as that is his only legal remedy. On the first Monday of July, the assessor turns over the assessment rolls of both real and personal property to the clerk of the Board of Supervisors. After turning over his books, the assessor cannot collect personal taxes.

(3.) The Board of Supervisors in each county, convenes as a County Board of Equalization on the first Monday of July and remains in session until the third Monday in July, and during such time, the assessment rolls are open for the inspection of taxpayers. The taxpayer should then examine the rolls to ascertain the valuation which has been placed upon his property by the assessor, and at that time complaints can be made to correct such valuations. Such complaints are made as per Form No. 43, which must be verified upon oath, and no reduction will be made unless such application is filed. The person making the application must attend and answer under oath any inquiries pertinent to the application.

(4.) The Board of Supervisors on the third Monday in September must fix the rate of taxes and levy state and county

taxes. The taxes upon all personal property secured by real property, and one-half of the taxes on real property, are due and payable on the second Monday of October, and are delinquent on the last Monday in November next thereafter at six P. M.; unless paid prior thereto, fifteen per cent will be added to the amount thereof, and if the said first one-half is not paid before the last Monday in April, an additional five per cent is added thereto; the remaining one-half of the taxes on real property are payable on January first next thereafter, and are delinquent on the last Monday in April next thereafter, and unless paid prior thereto, five per cent is added. All taxes may be paid at the time the first installment is payable. All such taxes must be paid at the office of the tax collector. City taxes are levied and collected in practically the same manner.

(5.) After each delinquent date, a list of delinquent taxes is published in a newspaper, and if not paid, the property will be sold to the State. The property so sold may be redeemed by the owner or any party in interest within five years from the date of the sale. Application to redeem is made to the County Auditor and the redemption money is paid to the County Treasurer. If not redeemed within the time limited, the tax collector must make a deed to the State.

(6.) Property incumbered by mortgage or deed of trust, and situate in California, has, for the purposes of taxation, two separate and distinct taxable interests. The taxable interest of the owner of the fee is the difference between the value of the land, if unincumbered, and the value of the mortgage; the taxable interest of the mortgagee is the value of the mortgage security. The holder of the mortgage at the time of the assessment, must pay the taxes on the mortgage interest; and the owner of the fee, in making out his assessment list, should show the value of the land, less a deduction for the value of the mortgage, the remainder being the amount on which he is to pay taxes. Either party may pay the taxes on both interests. The State constitution provides that every contract whereby a debtor is obligated to pay any tax or assessment on money loaned, or on any mortgage, deed or trust or other lien, is void, and that the agreement to pay interest is invalidated. Because of this law, it is customary to make the rate of interest in the

mortgage note higher than the rate actually to be paid, and to enter into a collateral agreement, allowing the mortgagor a certain percentage of rebate in interest, provided he pays the taxes on the mortgage. The agreement is so worded as not to obligate the mortgagor to pay the taxes on the mortgage, and to offer him an option which he may exercise to his advantage. (See Form No. 42.)

(7.) The Fiscal Year of the United States, and of the State of California, begins July 1st, and ends June 30th of the following calendar year. Property is assessed, therefore, in the latter part of the fiscal year, to-wit, between the first Monday of March and the first Monday of July next following. The assessment, so far as it relates to real property, means entering a description of it on the tax list, together with the name of the owner, and the valuation. The law requires the assessment of all taxable property to be completed practically before the fiscal year begins, and before the rate of taxation is determined. The Board of Supervisors levies the rate of taxation on the third Monday in September. The taxes levied in September, in the year 1905, will be referred to as "Taxes of 1905-1906," and will be payable in November, 1905, and in April, 1906.

FORM NO. 39—ESCROW INSTRUCTIONS OF SELLER.

Order No. 157,311.

Los Angeles, Cal., April 10, 1905.

Title Insurance and Trust Company:

GENTLEMEN:—I herewith hand you a grant, bargain and sale deed executed by Walter Scott to Jules Verne, and bearing this date, of Lot 15 in Block D, of the Wolfskill Tract, as per map recorded in Book 12, page 100, Miscellaneous Records of Los Angeles County, which you are authorized to deliver to Jules Verne or his representatives upon payment to you within fifteen days from date hereof for my account of the sum of \$5000, from which you may deduct your charges for your unlimited Certificate of Title or a continuation of your Unlimited Certificate which I will hand you herewith and from which you may also pay all incumbrances on said property.

(Signature) WALTER SCOTT,
Address: 927 Burlington Avenue.

Home Phone 22567.

FORM NO. 40—ESCROW INSTRUCTIONS OF BUYER.

Escrow No. 30777.

Los Angeles, Cal., April 11, 1905.

Title Insurance and Trust Co.:

Herewith please find check for \$5000 which you are authorized to use in connection with your order No. 157,311 when you can issue an Unlimited Certificate of Title in your usual form, on Lot 15 in Block D, of the Wolfskill Tract, as per map recorded in Book 12, page 100, of Miscellaneous Records of Los Angeles County, which will show that the title to said property is vested in Jules Verne, free from all incumbrances, except taxes of the fiscal year.....and a mortgage, executed byin favor of.....for \$.....due.....years after.....with interest at.....% per.....payableat.....

I understand that the certificate which will be issued will except instruments, trusts, defects, liens, easements and incumbrances and the rights or claims of parties in possession of the property not shown by any public record, and also, the following:

1. Mining claims, existing roads, water locations and reversions contained in United States Patents.

2. Records of Irrigation, Drainage, Reclamation, Levee, Protection and Sanitary Districts if the property described therein lies within the boundaries of any such districts.

3. Municipal taxes and the assessments and the effect and operation of the municipal laws, ordinances and regulations, proceedings for street, sewer, shade tree and sidewalk improvements, and for opening, widening and other changes in streets or alleys, if the property described therein lies within the boundaries of any incorporated City except the City of Los Angeles.

4. Proceedings for street, sewer, shade tree, and sidewalk improvement, and for the opening, widening and other changes in streets or alleys in the City of Los Angeles, unless the amount of the assessment therefor has become fixed and shown as a lien by the recording of the warrant at the date thereof in the public office designated by law.

5. The validity or legality of tax sales, street assessments, leases, easements, declarations of homesteads and money judgments.

I also understand that you will file necessary deeds and mortgages, then pay off such incumbrances as may exist at the time of filing such instruments, to vest the title as above and shall not be held responsible for any liens which may attach after such filing.

Obtain the note secured by said mortgage.

Before completing the transaction, have transferred to me \$, fire insurance which will expire.....

If you are unable to comply with these instructions within fifteen days from this date, said amount to be returned to me on demand.

Instruct the Recorder to mail the Instruments connected with the transactions, as follows: to grantee, 314 Byrne Building, and when the

transaction is completed you may send all documents connected therewith to grantee at above address.

ADDITIONAL INSTRUCTIONS: I agree to pay following charges: For recording deed to me \$1.20; for certificate vesting title in me \$5.00

(Signature) JULES VERNE,

Address: 314 Byrne Building.

Phone Main 233.

Approved. Use the money and record instruments to place the title in the condition required by the foregoing instructions.

I agree to pay following charges: For continuation of certificate, \$7.50.

WALTER SCOTT,

927 Burlington Avenue.

FORM NO. 41—TAX RELEASE OF MORTGAGOR.

Los Angeles, August 11, 1905.

In consideration of the release of the mortgage recorded in Book 1470, page 233 of Mortgages, Los Angeles County Records, I hereby agree to release and save harmless Jules Verne, the said mortgagee, by reason of any taxes which may be levied against him upon said mortgage or the interest created thereby for the fiscal year 1905-1906.

WALTER SCOTT.

FORM NO. 42—INTEREST REBATE AGREEMENT.

Los Angeles, California, April 10, 1905.

FOR A VALUABLE CONSIDERATION, I hereby agree to deduct three per cent per annum from the interest on the mortgage note for the principal sum of \$3000 in my favor, signed by Jules Verne, dated April 10th, 1905, *Provided* said debtor pays annually all taxes and assessments levied against the property covered by the mortgage securing said note and upon said mortgage and the debt secured thereby, during the continuance of said note unpaid, and presents to the undersigned, proper official receipts showing such payment; said payment to be made before any such taxes or assessments respectively become delinquent.

This is in no wise to be considered as an agreement binding said debtor to pay said taxes or assessments, but is only a right or privilege which said debtor can exercise or not at his option.

WALTER SCOTT.

FORM NO. 43—APPLICATION TO COUNTY BOARD OF EQUALIZATION.

TO THE HONORABLE BOARD OF EQUALIZATION IN AND FOR LOS ANGELES COUNTY, CALIFORNIA, FOR THE YEAR 1904.

The application of respectfully represents that he is the owner and party affected by the excessive assessed valuation of the following described property in the County of Los Angeles, which said property is assessed on the assessment roll of said County for the year 1904, in Vol., at page of the Assessment Roll, as follows, to-wit:

And your applicant asks that the said assessment thereof be reduced to \$.....

That the grounds upon which such reduction is asked and should be made are as follows, to-wit:

That the actual cash value of said property so assessed as aforesaid does not exceed \$.....

Wherefore, your petitioner prays that reasonable notice of the hearing of this application be given, and that the reduction above asked for be made.

Address of Petitioner.....

State of California, County of Los Angeles, ss.

..... being duly sworn, says: That he is the applicant in the foregoing application, that he has read the same and knows the contents thereof, and that the same is true of his own knowledge, except as to the matters therein stated on information and belief, and as to those matters he believes it to be true.

Subscribed and sworn to before me, this day of July, 1904.

C. G. KEYES, County Clerk.

By.....Deputy County Clerk.

FORM NO 44—ESCROW AGREEMENT AND INSTRUCTIONS TO BANK.

KNOW ALL MEN BY THESE PRESENTS, that Hiram White, of the County of Ventura, State of California, the party of the first part, hereinafter designated as the vendor, and William Willard, of the County and State aforesaid, the party of the second part, hereinafter designated as the vendee, have entered into the following agreement, that is to say: the said vendor has sold, and the said vendee has purchased, the following described land, situate in the County of Ventura, State of California, to-wit: the Southwest Quarter (S. W. $\frac{1}{4}$) of Section Twelve (12), in Township Seven (7) North, Range Thirty-three (33) West of S. B. M., containing one hundred and sixty (160) acres, more or less, on the following terms and conditions, viz:

The purchase price is Seven Thousand Dollars (\$7000), to be paid in United States Gold Coin, of which the sum of Two Thousand Dollars (\$2000) is paid this date by the vendee to the vendor, the receipt whereof is hereby acknowledged.

A deed executed by the vendor conveying said land to the vendee, as aforesaid, is to be executed and placed in escrow with the Bank of Ventura, in the town of Ventura, to be held by said Bank according to the terms of this agreement.

If the payment of the remainder, to-wit: the sum of Five Thousand Dollars (\$5000), together with interest thereon from this date until paid, is made on or before November 1, 1905, then said Bank is authorized and instructed to deliver said deed to the vendee and said sale shall be consummated. If said payment is not made within the time limited, as

aforesaid, then said deed shall be returned to said vendor and all payments theretofore made shall be forfeited to the vendor as liquidated damages, and the vendee shall acquire no rights to said land by reason of such payments.

The vendor shall be permitted to retain possession of said land and to cultivate and graze the same until November 1, 1905, and to receive and retain the benefits thereof.

This agreement is made in triplicate, one copy to be kept by the vendor, one copy by the vendee, and one copy to be delivered to and retained by the said Bank of Ventura as its authority and instructions in the premises.

Time is of the essence of this agreement and a non-compliance with the terms hereof will work a forfeiture.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals this 29th day of July, 1905.

HIRAM WHITE. (Seal.)

WILLIAM WILLARD. (Seal.)

FORM NO. 46—BANK ESCROW ENVELOPE.
ESCROW.

VENTURA, CAL., July 29, 1905.

HIRAM WHITE
and
WILLIAM WILLARD.

Deliver the enclosures on payment of \$5000 if paid by or before November 1, 1905. Should parties fail to pay as agreed, return all papers to Hiram White.

See instructions within.

FORM NO. 45—ENVELOPE FOR KEEPING ESCROW PAPERS
AND ACCOUNT.

Sale No..... Escrow No.....
Owner, Telephone.....

Purchaser, Telephone.....

Lot..... Block.....

Price.....

Salesman.....

ACCOUNT.

	DR					CR.				
<i>Deposit.</i> - - - - -										
<i>Balance.</i> - - - - -										
CHARGES										
<i>Commission.</i> { - - - - -										
<i>Notary</i> - - - - -										
<i>Recording</i> - - - - -										
<i>City Taxes</i> - - - - -										
<i>County Taxes</i> - - - - -										
<i>Certificate of Title</i> - - - - -										
<i>Ordered.....No.....</i> - - - - -										
<i>Balance by</i> - - - - -										

Date.....

FORM NO. 47—UNLIMITED CERTIFICATE OF TITLE.

Incorporated December 20th, 1893.

Cable Address, "Title Trust."

TITLE INSURANCE AND TRUST COMPANY

Capital Stock (Paid Up) \$500,000.

Corner Franklin and New High Streets.

LOS ANGELES, CAL.....

UNLIMITED CERTIFICATE,

Made at the request of.....

After a careful examination of the Official Records of the.....
.....County of Los Angeles, State of California,
except those hereinafter mentioned, and of the Records of the Federal
Offices located at Los Angeles, in relation to the title to that certain tract
of land hereinafter described, the

TITLE INSURANCE AND TRUST COMPANY,
a Corporation, organized and existing under the laws of the State of
California, and having its principal place of business at the City
of Los Angeles, in the County of Los Angeles,
State of California,

hereby certifies that said title, as appears from said records, is vested in
.....

(Here follows official description of premises, with statement as to
liens, incumbrances, taxes and restrictions.)

This Certificate does not include an examination of, or a report on:

1. Rights reserved in United States Patents, or in the Certificate
of Indemnity Land selections, existing roads, water locations, mining
claims, or matters relating thereto.

2. Records of or relating to Irrigation, Drainage, Reclamation, Levee,
Protection and Sanitary Districts if the property described herein lies
within the boundaries of any such districts.

3. Municipal taxes and assessments and the effect and operations
of the municipal laws, ordinances and regulations, proceedings for street,
sewer, shade tree and sidewalk improvements, and for opening, widening,
and other changes in streets or alleys, if the property described herein
lies within the boundaries of any incorporated city except the City of Los
Angeles.

4. Proceedings for street, sewer, shade tree and sidewalk improve-
ments, and for opening, widening and other changes in streets or alleys
in the City of Los Angeles, unless the amount of assessment therefor has
become fixed and shown as a lien by the recording of the warrant at the
date hereof in the public office designated by law.

5. Instruments, trusts, defects, liens, easements and incumbrances
not shown by any public record of the City of Los Angeles, or of the
County of Los Angeles, State of California, or by the records of the
Federal Offices located at Los Angeles.

6. The validity or legality of tax sales, street assessments, attach-
ments, leases, easements, declarations of homestead and money judgments
if any are mentioned as incumbrances in this certificate.

IN TESTIMONY WHEREOF, the Title Insurance and Trust Company has caused these presents to be duly signed by its President, attested by its Secretary, under its corporate seal, and countersigned by its Manager, this day of 190...at.....M.

TITLE INSURANCE AND TRUST COMPANY.

By.....President.

Countersigned.....Manager.

Attest.....Secretary.

(Here follows plat of premises.)

FORM NO. 48—OWNER'S POLICY OF TITLE INSURANCE.

Los Angeles, CAL.....

Amount, \$2000

Policy No. 3610

Order No. 120636

OWNER'S GUARANTEE POLICY OF TITLE INSURANCE

In consideration of the sum of One Dollar and other valuable considerations, paid for this POLICY OF INSURANCE, the

TITLE INSURANCE AND TRUST COMPANY

a Corporation, organized and existing under the laws of the State of California, and having its principal place of business at the City of Los Angeles, in the County of Los Angeles, State of California,

Does Hereby Insure

John Brown, and his heirs or devisees, for the term of thirty-five years from the date hereof, against any loss or damage not exceeding in all the sum of Two Thousand (\$2000) Dollars, which the said Insured shall, during said term of thirty-five years, sustain by reason of any incorrect statement or guaranty in this Policy concerning the title to the tract of land hereinafter described, or by reason of any defect in, or lien or incumbrance on the title of Insured to said land, at the date hereof, excepting only the defects, liens, incumbrances and other matters hereinafter mentioned in the written and printed exceptions of this Policy; and, as a part of this Policy, and subject to all its terms, exceptions, conditions and stipulations, the said Title Insurance and Trust Company guarantees that the title to said land is vested in the said John Brown.

(This Policy consists of 3 pages, which are numbered at the end of each page.)

DESCRIPTION OF THE TRACT OF LAND COVERED BY THIS POLICY OF INSURANCE:
(Description.)

EXCEPTIONS.

This Company does not insure against any of the following:

1. Instruments, Trusts, Liens, Easements, Incumbrances and Rights or Claims of parties in possession of all or any portion of said property not shown by the public records of the City of Los Angeles, or of the County of Los Angeles, State of California, or by the records of the Federal Offices located at Los Angeles.
2. Proceedings for street, sewer, shade tree and sidewalk improvements, and for opening, widening and other changes in streets or alleys

unless the amount of the assessment therefor has become fixed and shown as a lien by the recording of the Warrant at the date hereof in the public office designated by law.

This Policy is issued and the liability of this Company is based upon the following conditions and stipulations:

1. In case any action or proceeding shall be begun against the Insured founded upon a defect, lien or incumbrance prior in date to this Policy, and thereby insured against, the Insured shall at once notify this Company thereof in writing, and shall secure to this Company the right to defend the same so far as necessary to protect the Insured, and the Insured shall render all reasonable assistance in such defense; and this Company will, at its own cost and charge, defend the Insured in such action or proceeding, reserving, however, the option of settling the claim, or of paying this Policy in full, or of defending such action or proceeding; and, whether such defense by this Company shall be successful or unsuccessful, this Company will pay, in addition to the loss, all costs imposed on the Insured in litigation carried on by this Company for the Insured under this Policy; but this Company will in no case be liable for any costs or expenses incurred by the Insured in such litigation without the consent of this Company. If the notice above designated shall not be given to this Company and the said right to defend be not secured to this Company within five days after the service on the Insured of the summons or process in such action or proceeding, then this Policy shall be void as to such defect, lien or incumbrance.

2. The Insured shall, in writing, promptly notify this Company of any defect, lien or incumbrance prior in date to this Policy, and thereby insured against, which shall come to the knowledge of the Insured, in respect of which loss or damage is apprehended, and shall, in writing, prior to any payment, settlement or compromise thereof by the Insured, invest this Company with the power and authority, at its option, to pay, settle or compromise such defect, lien or incumbrance for or in the name of the Insured, or to resist or remedy the same by legal proceedings for or in the name of the Insured, all at its own cost and charge, or to pay this Policy in full. In the event that the Insured shall fail to comply with this condition, then this Policy shall be void as to all loss or damage by reason of such defect, lien or incumbrance.

3. Whenever this Company shall have settled a claim or loss under this Policy, it shall be subrogated to and be entitled to all the rights, securities and remedies of the Insured for the recovery of the same, including also all the rights, securities and remedies which the Insured has or would have had against any other person or property in respect to such claim or loss had this Policy not been made, and also the right to use the name of the Insured for the purpose of enforcing or collecting the same; and, at the option of this Company, the Insured shall transfer or cause to be transferred to this Company all such rights, including permission and authority to use the name of the Insured for the recovery or defense thereof. If the payment of the loss under this Policy does

not cover the whole loss of the Insured, this Company shall be subrogated to such rights, securities and remedies in the proportion which the said payment of loss bears to the amount of such loss of the Insured not covered by said payment, and the Insured warrants that such rights of subrogation shall vest in this Company unaffected by any right of the Insured.

4. The liability of this Company shall in no case exceed in all the actual loss of the Insured.

5. All payments made by this Company under this Policy shall reduce the amount of the insurance pro tanto, and payment or tender of payment in any case of the full amount of this Policy shall terminate all liability of this Company.

6. When the liability of this Company has been definitely fixed in accordance with this Policy, the loss or damage shall be payable within thirty days thereafter.

7. It is particularly understood and agreed that this Company is not, and will not be, liable under this Policy on account of doubts, rumors or assertions of defects, liens or incumbrances, but only for loss or damage under actual defects, liens or incumbrances insured by this Policy.

8. This Company does not by this Policy insure anyone other than the Insured, against any loss or damage, except that this Policy may, with the consent of this Company endorsed hereon, be assigned to a mortgagee of the Insured who shall thereafter be entitled to all the benefits, rights and remedies of the Insured under this Policy, and such mortgagee shall not be prejudiced nor lose any rights under this policy by reason of any act or negligence of the Insured, to which act or negligence such mortgagee is not a party.

9. Whenever the Insured shall transfer the title to the property described in this Policy, it may be surrendered and cancelled, and a new Policy may, if the risk is accepted, be issued upon payment of the regular rates for continuation.

10. The term "Insured" wherever it is used in this Policy includes all described on its first page as those whom it insures, and the term "this Company" wherever used in this Policy means the Title Insurance and Trust Company.

11. Nothing contained in this Policy shall be construed as an insurance to any one against defects, liens or incumbrances created subsequent to the date hereof, or created or suffered by the Insured.

IN TESTIMONY WHEREOF, said Title Insurance and Trust Company has caused these presents to be duly signed by its President and attested by its Secretary, under its Corporate Seal, this Twenty-third day of April, 1905, at 8 A. M.

TITLE INSURANCE AND TRUST COMPANY.

By.....President.

Countersigned:

.....Manager.

Attest.....Secretary.

(Plat of Premises.)

CHAPTER VIII.

HOMES AND HOMESTEADS.

What the True Home Should Be—Buying Versus Building—Selecting the Lot—Plan of the House—The Rough Sketch—Preliminary Drawing—Estimating the Cost—Plans and Specifications—Obtaining Bids—Superintending the Work—Requirements of the Law in Regard to Preparing, Executing and Filing the Contract—Filing Notice of Completion—Liens of Mechanics and Material Men—Notice Where Owner Leases Land to be Improved—Homestead Exemptions—How and by Whom to be Exercised—Conveyance or Incumbrance, and Abandonment, of the Homestead—Homestead as Applied to Public Lands.

Sec. 124. Building the Home.

(1.) A home should be more than a house—more than a place in which to eat and sleep—far more! The home should be a spot so cozy and attractive in its appointments and surroundings that the human heart will cling to it as to a bit of earthly heaven; a place the children will learn to love and to which their thoughts will tenderly turn in after years; a place where the husband and wife may find daily inspiration and enjoyment. Wealth is not essential to ideal home conditions, as some of the sweetest homes on earth are owned by people of limited means.

(2.) If the amateur investor is undecided whether to acquire a home by buying a house already built, or to purchase a lot and erect a house, he should make a comparison, as nearly as he can, with a view to arriving at a determination of the matter. Should he decide to build, the following remarks are intended to afford him some suggestions in regard thereto.

(3.) The house will cost practically the same wherever it is located and it will depreciate in value as the years pass. The lot will determine the future value of the premises as a whole. The lot should be selected in the best surroundings consistent with the means of the purchaser. (Read also Sections 31 and 47 in this connection.) A vacant lot with houses on each side, is a good one to buy, as one knows then exactly what the adjoining improvements will be. One can often buy a lot close to the center of town as cheaply or cheaper than he can buy in a new subdivision, and have sewers and all street improvements paid for, whereas, in the subdivision there will be no sewer and the odors from cesspools are eventually bound to be offensive. Close-in property will rent more readily and increase in value more rapidly than outside property. When

the prospective home builder has secured the title in fee to a lot, he has a basis of security on which to borrow money from a building and loan association, bank or private party to erect a house.

(4.) As to the plan of the house. Any building contractor will be glad to furnish the intending home builder with blue prints of houses. From these, he can select one suited to his taste and means. If he wishes to work out some ideas of his own, he should procure a large sheet of wrapping paper, a ruler divided into quarter inches, and draw to scale a rough sketch of the outline of the house, allowing one-fourth of an inch on the paper for each one foot of the house. Any outline or plan not drawn to scale is of little value. If the house is to be two stories, he should draw a floor plan of each story. The upper floor, of course, must conform in outline to the lower. The plumbing of the upper floor should be directly over that of the lower floor, and all be kept well to the rear of the house, to save expense. The house should be made two full stories, as there is much dissatisfaction, and no particular saving is made, in erecting a house of one and one-half stories. Too many rooms should not be provided for, and the greatest amount of study should be expended in the arrangement of the sitting room and kitchen—the rooms that will be occupied most by the family.

(5.) The rough sketch should then be taken to an architect or building contractor and explained to him, and he should be requested to prepare a preliminary drawing from the sketch. Ordinarily, no charge is made for the preliminary drawing, but the architect or contractor will expect, of course, to prepare the plans and specifications if the owner decides to build. In the drawing will be incorporated such advantageous suggestions as may be talked over and decided upon.

(6.) The architect or contractor can give the owner an estimate of the probable cost of the house when completed, but such estimate will generally be under, rather than over, the actual cost. The following rule will enable the owner to ascertain the cost for himself within \$300 or \$400, more or less, viz.: Multiply together the length, breadth and height, and this product by seven; point off two places and the result will

be the cost in dollars and cents. Thus, a building 28x56, 24 feet in height, should cost approximately \$2634.24. This rule applies to ordinary, plain construction only. The estimate of the height of a house with a shingled roof should extend to only one-half the height of such roof.

(7.) There is much variety in plans and specifications, and for this reason no model set is given. What should be provided for will be suggested by the following division headings, viz.: Dimensions, height, foundation, cellar, chimneys, timbers, carpenter work, under-pinning, bridging, exterior covering, shingling, roofing, ventilators, mouldings, porches or verandahs, scuttles, sky-lights, interior finish, stairs, base boards, picture moulding, wainscoting, floors, closets, kitchen sink, doors, screen doors, screens, windows, glass, hardware, lathing, plastering, plumbing, waste pipe, ventilation, bath tub, water-closets, wash basins, drains, instantaneous heater, slop hoppers, wash trays, electric work, electric bells, electric lights, gas piping, painting, sidewalk and fence. The electric and gas fixtures and the shades are usually supplied by the owner after the house is completed.

(8.) When ready to build, the owner should have plans and specifications prepared by an architect or by a contractor who has access to an architect's office. A writer on the subject says: "The house was never erected that was satisfactory structurally, artistically or from a business point of view on which properly prepared plans and specifications were not employed. The size of the house has nothing to do with the necessity for plans. A small house involves about the same number of structural points and details, and all of the business hazards and complications, of a large one. An architect's knowledge and experience should save the owner more than the cost of his services in the actual construction of a house, to say nothing of the relief from business care." Building contractors are of the opinion, however, that the specifications prepared by an architect often times call for more material than is actually necessary.

(9.) Four copies of the plans and specifications should be prepared; blue prints of the plans are made from the original tracing paper drawing, and carbon copies of the specifications are made on the typewriter at one writing. The plans

and specifications should then be placed in the hands of building contractors of good reputation, for competitive bids, and say five days should be allowed in which to file bids, all to be filed by a certain hour of a certain day, the owner reserving the right to reject any and all bids, it being understood that the successful bidder shall sign the required contract and give satisfactory bond. The contract for the entire work should be let to one responsible contractor, as this places the entire responsibility of executing the work upon one person, and is the only way in which one may know in advance just what the work will cost when completed. Knowing the cost in advance presupposes that the owner has given thorough study to the minutest detail, and has had everything requisite to a complete house embodied in the plans and specifications. All special mill work and interior finish will add to the cost; if "stock" mouldings and "stock" sizes of doors, sash, etc., are used the cost can be kept down.

(10.) After the contract has been let, the job should be properly superintended. It is scarcely possible for the owner to realize the value of the plans through his own efforts, as this presupposes that he knows the various qualities and kinds of materials, and the several methods of construction as well as, or better than, the contractor. The architect or contractor who prepared the plans and specifications ought to make the best superintendent, as he is well acquainted with what is required; but where the superintendent does not inspect the work oftener than once in every two or three days or once a week, the workmen can cover up a good deal of inferior work in the meantime. Where the job is of sufficient size to warrant doing so, the superintendent should be on the ground all the time. In any case, the owner should give as much attention as possible to the work; he will thereby gain a knowledge of the construction of a building and the satisfaction of seeing what has actually gone into such construction in the case of his own building. The standards of excellence of contractors vary as does their characters. Some men are naturally thorough and honest in executing work; others are slipshod and indifferent; as their natural tendencies are, so their work will be.

(11.) The successful bidder should sign the contract.

Under the California law where the cost of the construction, alteration or repair of any structure exceeds one thousand dollars, the contract or some memorandum thereof must be in writing, and be subscribed by the parties thereto, and contain the names of the parties, a description of the property, a statement of the general character of the work to be done, the total amount to be paid, the amounts of the partial payments, together with the times when such payments shall be due and payable; but at least 25 per cent of the whole contract price must be made payable at least thirty-five days after the final completion of the contract. No part of the price must be made payable or be paid in advance of the commencement of the work. See Form No. 49, as to when installments on the contract price are ordinarily made payable as the work reaches certain stages of completion. The owner and contractor should each sign his name on each page of the plans and specifications by way of identification. As reference must be made in a building contract to the plans and specifications, such a contract, for the purpose of filing, as hereinafter mentioned, consists of the contract and the plans and specifications, and the contract so constituted, before any material is hauled on the ground or the work commenced, should be filed in the office of the County Recorder of the County where the property is situated. The filing should follow, but not precede, the filing of a mortgage on same premises to raise money with which to build. One dollar is the fee for filing. If the provisions of the law are not complied with, the contract is wholly void and no recovery can be had thereon by either party.

(12.) Formerly, the law required that a bond, equal in amount to at least 25 per cent of the contract price, must also be filed as a part of the contract, but the Supreme Court has recently declared the bond to be unnecessary. As such bonds continue to be filed, however, the form thereof is shown in No. 50.

(13.) The object of filing the contract (including the plans and specifications) is to shield the owner from liability to laborers, material men, and sub-contractors beyond the amount of the contract price, and to afford all persons who desire to know information as to whether or not the price,

times of payment and terms of the contract will be adequate security for the labor or materials about to be furnished.

(14.) Payments should be distributed over the work as indicated in Form No. 49, and if the architect is supervising the work, should be made on his certificate as in said form indicated. If the owner is superintending the job, he should take the names of all laborers working thereon, and of all parties furnishing materials therefor, and as each installment becomes due the contractor, the owner should ascertain if all such parties have been paid the proportionate part due them up to that time. In some cases, the contractor is required to turn in receipts for certain payments before payments are made to him by the owner. The owner should be very careful not to make any payments to the contractor until the times when they are due under the contract. The owner should obtain from the contractor all inspection certificates for plumbing, wiring, etc.

(15.) Within ten days after the building is completed, the owner must file a notice of completion. (See Form No. 51.) The owner should retain in his possession for thirty-five days after filing the notice of completion, twenty-five per cent of the contract price with which to meet any bills or claims not paid by the contractor.

(16.) If a contractor ceases labor on an unfinished building, the owner must, within forty days thereafter, file a notice. (See Form No. 52.) The two last named notices are to be filed in the office of the County Recorder.

(17.) Mechanics, material men, contractors, sub-contractors, architects and others have preferred liens, to the extent of the whole contract price, upon real property for labor and materials furnished therefor. Where there are several liens, they take precedence in the following order: 1st, laborers; 2nd, material men; 3rd, sub-contractors; 4th, contractors. Such liens take precedence over homesteads.

(18.) Every person, save the original contractor, claiming the benefit of the lien law must, within thirty days after the completion of the building, file for record with the County Recorder a statement of his claim, such claim to be verified upon oath. (See Form No. 54 for material men, and Form No. 55 for laborers.) The original contractor may file his lien within

sixty days after completion. The lien attaches for a period of ninety days, and within that time proceedings must be begun in the proper court to enforce the lien.

(19.) Where an owner leases land, or sells same under a contract of sale, the owner retaining the title in his own name, with the understanding that buildings will be placed thereon by the lessee or purchaser, such owner should post on the land, in a conspicuous place, not later than three days after such buildings or improvements are begun, a notice (See Form No. 56) to the effect that he will not be responsible for such buildings or improvements.

(20.) Where the contract price is less than \$1000, the filing of contract is not required.

(21.) There are many vexations and annoyances connected with building. Nevertheless, the average man, rather than to purchase a house already built, prefers to buy a lot and erect his own house. Nearly every one has some pet plan which he wishes to see constructed and which he firmly believes will be a little better than anything else ever built in the house line. There is an old saying to the effect that "Fools build houses; wise men live in them."

Sec. 125. Of Homesteads.

(1.) A certain amount of both real and personal property is, by the laws of the several states, exempt from liability for the debts of the owner, and cannot be attached and sold, provided certain steps which the law says shall be complied with, are taken. The real property so exempt is called a homestead. A homestead represents the dwelling house at which the family resides, and outbuildings of every kind necessary or convenient for family use; it may include a farm or garden, or one or more city lots or blocks. The only tests are use and value.

(2.) The right of homestead may be exercised by the husband and wife jointly, by the husband alone, or by the wife alone, or by the "head of a family." Any person, whether married or not, may be the head of a family, provided he or she has residing on the premises with him or her certain minor relatives, or certain other relatives as specified in the law, who have attained the age of majority and are unable to support themselves.

(3.) In order to select a homestead, the claimant must execute, acknowledge and file for record a declaration of homestead. (See Forms No. 57 and 58.) If the claimant is married, the selection may be from the community property, or from the separate property of the husband, or from the separate property of the wife, and in the latter case her consent must be shown by her joining in, or making, the declaration. In order to impress the character of homestead upon the premises, the claimant must be actually residing there at the time the declaration is filed, and, in California, the value of the homestead must not exceed \$5000 if selected by the head of a family, and not over \$1000 if selected by any other person.

(4.) Both the husband and wife must join in a deed or mortgage in order to convey or incumber land on which a declaration of homestead has been filed. The homestead can be abandoned (See Form No. 59), but if the claimant is married, the husband and wife must join in the instrument of abandonment. If the husband or wife becomes hopelessly insane, after filing declaration of homestead, the law provides that upon application to, and order of, the probate court, the husband or wife, not insane, may convey or incumber the homestead.

(5.) The word "homestead" also has reference to the right of citizens of the United States to enter upon and appropriate, or pre-empt, as it is called, 160 acres or less of public lands, the title to which is acquired after the expiration of five years, during which the claimant must have resided upon or cultivated said lands and complied with certain other conditions and paid therefor at certain prices.

FORM NO. 49—BUILDER'S CONTRACT.

ARTICLES OF AGREEMENT,

Made this eleventh day of February, one thousand nine hundred and five, between W. W. Jones, of the City of Los Angeles, County of Los Angeles, State of California, the party of the first part, and C. N. Stratton, of the said City and County, State aforesaid, the party of the second part,

WITNESSETH: The party of the first part will be hereinafter designated as the Owner, and the party of the second part as the Contractor, singular number only being used; and the word Architect used herein in the singular shall include the plural, and the masculine the feminine.

FIRST.—The Contractor agrees, within the space of Sixty (60) working days from and after February 11, 1905, to furnish the necessary labor

and materials, including tools, implements and appliances required, and perform and complete in a workmanlike manner all that certain two-story, seven-room residence, and other works shown and described in and by, and in conformity with, the plans, drawings and specifications for the same made by Geo. E. Willis, the authorized Architect employed by the Owner, and which are signed by the parties hereto.

SECOND.—Said Architect shall provide and furnish to the Contractor all details and working drawings necessary to properly delineate said plans and specifications; and the work is to be done and the materials furnished in accordance therewith under the direction and supervision and subject to the approval of said Architect, or a superintendent selected and agreed upon by the parties hereto, within a fair and equitable construction of the true intent and meaning of said plans and specifications.

THIRD.—The time during which the Contractor is delayed in said work by the acts or neglects of the Owner or his employees, or those under him by contract or otherwise, or by the acts of God which the Contractor could not have reasonably foreseen and provided for, or by stormy and inclement weather which delays the work, or by any strikes, boycotts, or like obstructive action by employee or labor organizations, or by any lock-outs or other defensive action by employers, whether general or individual, or by organizations of employers, shall be added to the aforesaid time for completion.

FOURTH.—Said building, or residence aforesaid, is to be erected upon a lot of land situated in the City of Los Angeles, County of Los Angeles, State of California, and described as follows: Lot 10 in Block D of the Harvard Heights Tract, on Cambridge street, between Harvard avenue and Hobart boulevard.

FIFTH.—The owner agrees, in consideration of the performance of this agreement by the Contractor, to pay, or cause to be paid, to the Contractor, his legal representatives or assigns, the sum of Twenty-two Hundred and Twenty Dollars (\$2220), in United States gold coin, at times and in the manner following, to-wit: \$200 when brick foundation is finished, frame up and rafters on; \$400 when plumbing is roughed in, building is enclosed, roof is on and interior is ready for plastering; \$600 when inside finish is on; plumbing completed and building ready for painting; \$465 when completed and accepted; \$555 in 36 days after notice of completion has been filed.

PROVIDED, that when each payment or installment shall become due, and at the final completion of the work, certificates in writing shall be obtained from said Architect, stating that the payment or installment is due or work completed, as the case may be, and the amount then due; and the said Architect shall at said times deliver said certificates under his hand to the Contractor, or, in lieu of such certificate, shall deliver to the Contractor, in writing, under his hand, a just and true reason for not issuing the certificates, including a statement of the defects, if any, to be remedied, to entitle the Contractor to the certificate or certificates. And, in the event of the failure of the Architect to furnish and deliver

said certificates, or any of them, or in lieu thereof the writing aforesaid, within three days after the times aforesaid, and after demand therefor made in writing by the Contractor, the amount which may be claimed to be due by the Contractor, and stated in the said demand made by him for the certificate, shall, at the expiration of said three days, become due and payable, and the Owner shall be liable and bound to pay the same on demand.

In case the Architect delivers the writing aforesaid in lieu of the certificate, then a compliance by the Contractor with the requirements of said writing shall entitle the Contractor to the certificate.

SIXTH.—For any delay on the part of the Owner in making any of the payments or installments provided for in this contract after they shall become due and payable, he shall be liable to the Contractor for any and all damages which the latter may suffer; and such delay shall, in addition, operate as an additional extension of the time for completion aforesaid for the length of time of such delay. And such delay, if for more than five days after the date when said payments or installments shall have respectively become due and payable, as in this agreement provided, shall, at the option of the Contractor, be held to be prevention by the Owner of performance of this contract by the Contractor.

SEVENTH.—The specifications and drawings are intended to co-operate, so that any work exhibited in the drawings and not mentioned in the specifications, or *vice versa*, are to be executed the same as if both mentioned in the specifications and set forth in the drawings, to the true intent and meaning of the said drawings and specifications when taken together. But no part of said specifications that is in conflict with any portion of this agreement, or that is not actually descriptive of the work to be done thereunder, or of the manner in which the said work is to be executed, shall be considered as any part of this agreement, but shall be utterly null and void.

EIGHTH.—Should the Owner or the Architect, at any time during the progress of the work, request any alterations or deviations in, additions to, or omissions from, this contract or the plans or specifications, either of them shall be at liberty to do so, and the same shall in no way affect or make void this contract; but the amount thereof shall be added to, or deducted from, the amount of the contract price aforesaid, as the case may be, by a fair and reasonable valuation. And this contract shall be held to be completed when the work is finished in accordance with the original plans, as amended by such changes, whatever may be the nature or extent thereof.

NINTH.—The rule of practice to be observed in the fulfillment of the last foregoing paragraph (eight) shall be that, upon the demand of either the Contractor, Owner or Architect, the character and valuation of any or all changes, omissions, or extra work, shall be agreed upon and fixed in writing, signed by the Owner or Architect and the Contractor, prior to execution.

TENTH.—Should any dispute arise between the Owner and Contractor,

or between the Contractor and Architect, respecting the true construction of the drawings or specifications, the same shall, in the first instance, be decided by the Architect; but should either of the parties hereto be dissatisfied with the justice of such decision, or should any dispute arise between the parties hereto respecting the valuation of extra work, work done, or work omitted, the disputed matter shall be referred to, and decided by, two competent persons who are experts in the business of building,—one to be selected by the Owner or Architect, and the other by the Contractor; and, in case they cannot agree, these two shall select an umpire, and the decision of any two of them shall be binding on all parties.

ELEVENTH.—Should the Contractor fail to complete this contract, and the works provided for therein, within the time fixed for such completion, due allowance being made for the contingencies provided for herein, he shall become liable to the Owner for all loss and damages which the latter may suffer on account thereof, but not to exceed the sum of \$35 per day for each day said works shall remain uncompleted beyond such time for completion.

TWELFTH.—In case said work herein provided for should, before completion, be wholly destroyed by fire, defective soil, earthquake or other act of God which the Contractor could not have reasonably foreseen and provided for, then the loss occasioned thereby shall be sustained by the Owner to the extent that he has paid installments thereon, or that may be due under the fifth clause of this contract; and the loss occasioned thereby and to be sustained by the Contractor, shall be for the uncompleted portion of said work upon which he may be engaged at the time of the loss, and for which no payment is yet due under said fifth clause of this contract.

In the event of a partial destruction of said work by any of the causes above named, then the loss to be sustained by the Owner shall be in the proportion that the amounts of installments paid or due bears to the total amount of work done and materials furnished, estimated according to said contract price, and the balance of said loss to be sustained by the Contractor.

THIRTEENTH.—The payment of the progress-payments by the Owner shall not be construed as an absolute acceptance of the work done up to the time of such payments; but the entire work is to be subject to the inspection and approval of the Architect or Superintendent at the time when it shall be claimed by the Contractor that the contract and works are completed; but the Architect or Superintendent shall exercise all reasonable diligence in the discovery, and report to the Contractor as the work progresses, of materials and labors which are not satisfactory to the Architect or Superintendent, so as to avoid unnecessary trouble and cost to the Contractor in making good defective parts.

FOURTEENTH.—Should the Contractor, at any time during the progress of the work, refuse or neglect, without the fault of the Owner, Architect or Superintendent, to supply a sufficiency of materials or workmen to complete the contract within the time limited herein, due allowance being

made for the contingencies provided for herein, for a period of more than three days after having been notified by the owner in writing to furnish the same, the Owner shall have power to furnish and provide said material or workmen to finish the said work; and the reasonable expenses thereof shall be deducted from the amount of the contract price.

IN WITNESS WHEREOF, the said parties to these presents have hereunto set their hands and seals, the day and year first above written.

W. W. JONES. (Seal)

C. N. STRATTON. (Seal)

FORM NO. 50—BUILDERS' BOND.

BUILDERS' BOND TO OWNER.

WHEREAS, C. N. Stratton, of the County of Los Angeles, State of California, described therein as party of the second part, or contractor, and W. W. Jones, of the County and State aforesaid, described therein as party of the first part, or owner, have made and executed a certain contract in writing, dated the 11th day of February, 1905, whereby the said party of the second part, or contractor, has agreed to perform and complete in a workmanlike manner for said party of the first part, or owner, all the materials and labor, including tools and appliances of every kind, and all other specified work of a 2-story, 7-room residence building to be erected upon the premises situated in the City of Los Angeles, County of Los Angeles, State of California, and described as follows, to-wit: Lot 10 in Block D of the Harvard Heights Tract, on Cambridge street, between Harvard and Hobart streets; and the party of the first part, or owner, has agreed to pay therefor the sum of Twenty-two Hundred and Twenty Dollars, said contract being executed and delivered herewith:

Now, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: That in consideration of the above premises, we, C. N. Stratton, as principal, and P. W. McMillan and R. M. Brown, as sureties, are held and firmly bound unto said W. W. Jones in the sum of Five Hundred and Fifty-five dollars, for which payment well and truly to be made, we bind ourselves, jointly and severally, and our respective heirs, executors, administrators and assigns firmly by these presents.

Sealed with our seals, and dated the eleventh day of February, 1905.

The condition of this obligation is such that if said contractor shall keep and strictly perform all the covenants and agreements of the contract by him to be kept and performed, and shall, on or before thirty-five days after the acceptance of said building, or completion of said contract or improvement, cancel and release the said building and premises from all damage claims or liens that may have accrued against the same in and from the performance of said contract, and shall save said owner free and harmless from all damage therefrom, all as in said contract provided, then the above obligation to be void; otherwise to remain in full force and virtue.

C. N. STRATTON. (Seal)

P. W. McMILLAN. (Seal)

R. M. BROWN. (Seal)

State of California, County of Los Angeles, ss.

P. W. McMillan and R. M. Brown, the sureties whose names are subscribed to the above undertaking, being severally duly sworn, each for himself, says, that he is a resident and freeholder in said County and State, and is worth the sum in the said undertaking specified as the penalty thereof, over and above all his just debts and liabilities, exclusive of property exempt from execution.

P. W. McMILLAN,

R. M. BROWN.

Subscribed and sworn to before me this eleventh day of February, 1905.

(Seal)

SAMUEL BRISTOW,

Notary Public in and for Los Angeles County, California.

FORM NO. 51—NOTICE OF COMPLETION.

State of California, County of Los Angeles, ss.

W. W. Jones, being first duly sworn, deposes and says: That he is now, and was upon the 11th day of February, 1905, the owner in fee simple of that certain real property situated in the County of Los Angeles, State of California, and particularly described as follows, to-wit: (Description.)

That as such owner of said land, affiant, upon the 11th day of February, 1905, duly entered into a contract, which was filed in the office of the County Recorder, with C. N. Stratton, as contractor, for the erection and construction, upon the land above described, of a certain building, to-wit: a two-story, 7-room residence.

The said building has been duly constructed and finished, and the same was actually completed and accepted on the 11th day of April, 1905, and ten (10) days have not yet elapsed since the actual completion thereof.

This affidavit is intended as and is notice to all mechanics, material men, sub-contractors and others, who have performed work upon or furnished materials to, or who have claims or liens of any description or kind against said building or premises, that the said building was actually completed on the day hereinbefore set forth. This notice is given and recorded in pursuance of the provisions of Section 1187 of the Code of Civil Procedure of the State of California, as amended March 27, 1897.

W. W. JONES.

Subscribed and sworn to before me, this 11th day of April, 1905.

SAMUEL BRISTOW,

Notary Public in and for the County of Los Angeles, State of California.

FORM NO. 52—NOTICE OF ABANDONMENT.

State of California, County of Los Angeles, ss.

Hiram White, being first duly sworn, deposes and says, that he is now and was on the second day of June, 1905, the owner of that certain real property situated in the City and County of Los Angeles, State of California, and particularly described as follows, to-wit: Lot Eight (8),

in Block Four (4), of the Washington Tract; that as such owner of said land, affiant, on the second day of June, 1905, duly entered into a contract with Q. A. Sawyer for the erection and construction on said land of a certain two-story, frame flat building at Nos. 1217 and 1219 West Tenth street, in said city; that said contract was filed in the office of the County Recorder; that said building has not been fully constructed or completed and finished by said contractor, Q. A. Sawyer, and that the same has been abandoned and left unfinished by him, and that the seventh day of September, 1905, was the day on which said abandonment and cessation of labor actually occurred, and that forty days have not elapsed since the actual cessation of labor thereon, under said contract, occurred and said contract was abandoned.

This affidavit is intended to be and is notice to all mechanics, material men, sub-contractors and others who have performed work upon or furnished material for or who have claims or liens of any description or kind against said building or premises; that said building was actually abandoned by said contractor, and the cessation of labor thereon under said contract actually occurred, on the date hereinabove set forth. This notice is given and recorded in pursuance of provisions of Section 1187 of the Code of Civil Procedure of the State of California, as amended March 27, 1897.

HIRAM WHITE.

Subscribed and sworn to before me this 10th day of October, 1905.

SAMUEL BRISTOW,

Notary Public in and for the County of Los Angeles, State of California.

FORM NO. 53—NOTICE TO OWNER TO WITHHOLD MONIES
FROM CONTRACTOR.

MECHANICS' LIEN.—NOTICE TO OWNER.

C. C. P., SEC. 1184.

John Joiner vs. Solomon Shylock.

State of California, County of Los Angeles, ss.

To Solomon Shylock, the reputed owner of the two-story, seven-room house now being erected on Cambridge street, Lot Ten, Block D, of Harvard Heights Tract, at Los Angeles, in the County of Los Angeles, State of California:

You will please take notice that I have performed ten days carpenter labor upon above mentioned building, at the rate of \$3.50 per day, amounting to \$35; that James Stout is the name of the contractor of said building, and that he entered into a verbal agreement with me whereby said labor was performed; that said contractor has not paid me for said labor or any part thereof, and you are hereby notified to withhold from him sufficient money to pay my said claim for labor.

Dated April 10th, 1905.

(Signed) JOHN JOINER.

FORM NO. 54—MATERIAL MAN'S LIEN.

NOTICE OF LIEN

MATERIAL MAN.

Percy Woodman, doing business under the firm name and style of Woodman Lumber Co., vs. Century Building Company, a Corporation. State of California, County of Los Angeles, ss.

NOTICE is hereby given, that Percy Woodman, doing business under the firm name and style of Woodman Lumber Co., claims a lien on the premises hereinafter described for materials to be used and which were actually used in the construction of that certain building or structure, now upon that certain lot and parcel of land situate in the County of Los Angeles, State of California, and sought to be charged with this lien, and described as follows, to-wit: That certain frame dwelling house and structure known and designated as No. 2707 Cambridge street, on that certain lot known as Lot 10, in Block D, of the Harvard Heights Tract, as per map recorded in the office of the County Recorder of Los Angeles County, in Book 6 of Miscellaneous Records, at page 293;

That said Century Building Company, a Corporation, is and was at all times herein mentioned, the owner and reputed owner of said premises, and caused said building or structure to be constructed as herein mentioned;

That said Century Building Company is the name of the person or corporation by whom claimant was employed, and for whom and at whose instance and request the material herein mentioned was furnished to and for the construction of said building upon the land hereinabove described;

That all of said land is required for the convenient use and occupation of said building and structure;

That the following is a statement of the claim and demand of said claimant, and of the terms and time given and the conditions of his said contract; that said material was furnished between the 7th day of April, 1905, and the 29th day of April, 1905; that the terms were, cash on delivery, amounting in all to Five hundred and twenty-five dollars (\$525), and the items thereof, dates of delivery and amounts thereof, are shown by the statement hereto annexed, following, and made a part hereof, marked "Exhibit A":

"EXHIBIT A.

LOS ANGELES, CAL., July 1st, 1905.

"Century Building Co.

"To Woodman Lumber Co., Dr.

"Deliver to Lot 10, Block D, Harvard Heights Tract—

"Date	Pieces	Dimensions	Kinds	Total	Price	Amounts
4-8	81	2x4-18	O. P.	972	\$19	\$18.46"
			Etc. Etc.			

That said building or structure has been completed and that thirty days have not elapsed since the same was completed, and since the notice of completion thereof was duly filed by said owner;

That the amount of the contract price for said material furnished as aforesaid, is Five hundred and twenty-five dollars, in United States gold coin;

That no part of said sum due claimant as aforesaid has been paid and that the sum of Five hundred and twenty-five dollars in gold coin of the United States is still due and owing thereon to said claimant, after deducting all just credits and offsets.

Wherefore, said claimant, Woodman Lumber Co., claims the benefit of the law relative to liens of mechanics and others upon real property, to-wit: Chapter II., Title IV., Part III., of the Code of Civil Procedure.

PERCY WOODMAN, *Claimant*.

State of California, County of Los Angeles, ss.

Percy Woodman, being duly sworn, says: I am the lien claimant above named; I have heard the foregoing claim read, and know the contents thereof, and the same are true.

Subscribed and sworn to before me this 1st day of July, A. D. 1905.

SAMUEL BRISTOW,

Notary Public in and for the County of Los Angeles, State of California.

FORM NO. 55—MECHANIC'S LIEN.

NOTICE OF LIEN

LABORER

John Joiner vs. Solomon Shylock.

State of California, County of Los Angeles, ss.

NOTICE is hereby given, that John Joiner, at the time hereinafter mentioned, performed labor upon and in the construction of that certain building or structure, and now upon that certain parcel of land situated in the City of Los Angeles, County of Los Angeles, State of California, and sought to be charged with this lien, and described as follows, to-wit: Lot 44 in Block C of the Golden Gate Tract, as per map recorded in Book 6, page 527, Miscellaneous Records, in the office of the County Recorder of the County of Los Angeles.

That Solomon Shylock is the name of the owner, and reputed owner, of said premises, and caused said building or structure to be erected, and the name and nature of his title is as follows: he owns the same in fee simple.

That Edward Eggleston is the name of the contractor who, on the 21st day of June, A. D. 1905, as such contractor, entered into a contract with said claimant, John Joiner, under and by which said John Joiner performed labor on said structure or dwelling house, and the following is a statement of the terms, time given, and condition of said contract, to-wit: Such labor consisted of and was carpenter work, performed between the 21st day of June and the 2d day of July, 1905, to-wit: eleven days labor as carpenter, for which said Edward Eggleston agreed to pay claimant at the rate of \$3.50 per day, making due claimant the sum of \$38.50; no special terms were made and no special time given.

That said contract has been fully performed on the part of said Edward Eggleston, and the same was completed, and the work on said building, or structure, finished, on the 10th day of July, A. D. 1905, and thirty days have not elapsed since the same was completed, and said building, or structure, finished.

That the amount of the contract price for said labor so furnished as aforesaid is Thirty-eight and 50-100 Dollars, in United States gold coin.

That no part of said sum of Thirty-eight and 50-100 Dollars, United States gold coin, has been paid on account of said contract price, and that the sum of Thirty-eight and 50-100 Dollars, in gold coin of the United States, is still due and owing and unpaid thereon to said claimant, after deducting all just credits and offsets.

Wherefore, said claimant, John Joiner, claims the benefit of the law relative to liens of mechanics and others upon real property, to-wit: Chapter II., Title IV., Part III., of the Code of Civil Procedure.

JOHN JOINER, *Claimant*.

BALL & BAIL, *Counsel for Claimant*.

(Verification as in Form No. 54.)

FORM NO. 56—NOTICE BY OWNER THAT HE WILL NOT BE RESPONSIBLE FOR IMPROVEMENTS.

NOTICE BY OWNER.

NOTICE IS HEREBY GIVEN to all whom it may concern, that the undersigned is the owner of the land on which this notice is posted, to-wit: Lot, in Block, in the City of Los Angeles, County of Los Angeles, State of California, and that, as such owner, he will not be responsible for the cost of the construction, alteration or repair of any building or improvement made thereon, and will oppose any attempt to place a lien on said land by reason thereof.

Dated the day of 190

. *Owner*.

FORM NO. 57—DECLARATION OF HOMESTEAD BY HUSBAND.

KNOW ALL MEN BY THESE PRESENTS: That I do hereby certify and declare that I am married and that I do now, at the time of making this declaration, actually reside with my family on the land and premises hereinafter described. That my family consists of a wife and children. That the land and premises on which I reside are bounded and described as follows, to-wit: Lying and being in the County of State of, and particularly described as follows:

(Description.)

That it is my intention to use and claim the said lot of land and premises above described, together with the dwelling-house thereon, and its appurtenances, as a Homestead, and I do hereby select, declare and claim the same as a Homestead;

That my wife has not made any declaration of homestead on said lands and I therefore make this declaration for the joint benefit of myself and wife.

That the actual cash value of said property I estimate to be \$.

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this day of, one thousand nine hundred

. (Seal)

Signed, Sealed and Delivered in the Presence of

.
.

(Acknowledgment.)

FORM NO. 58—DECLARATION OF HOMESTEAD BY WIFE.

KNOW ALL MEN BY THESE PRESENTS: That I.....
do hereby certify and declare that I am married and am the wife of
.....; that my husband.....
has not made any declaration of homestead, and I therefore make this
declaration for the joint benefit of myself and husband; that I do now, at
the time of making this declaration, actually reside with my.....
on the land and premises described as follows, to-wit: Lying and being
in the County of.....State of.....
and bounded and described as follows:

(Description.)

That it is my intention to use and claim the said lot of land and
premises above described, together with the dwelling-house thereon, and
its appurtenances, as a Homestead, and I do hereby select, declare and
claim the same as a Homestead.

That the actual cash value of said property I estimate to be \$.....

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this
.....day of....., one thousand nine hundred.....
.....(Seal)

Signed, Sealed and Delivered in the Presence of

.....
.....

(Acknowledgment.)

FORM NO. 59—ABANDONMENT OF HOMESTEAD.

KNOW ALL MEN BY THESE PRESENTS: That we.....
and....., husband and wife.....
do.....hereby abandon, release and discharge from any and all claim by
us, as a Homestead, the lot of land and premises, situate, lying and being
in theCounty ofOf.....,
bounded and described as follows, to-wit:

(Description.)

TOGETHER with the tenements and apurtenances thereunto belonging.

IN WITNESS WHEREOF,.....ha..... hereunto set.....
hand...and seal... this.....day of.....one thousand
nine hundred and.....

.....(Seal)

.....(Seal)

Signed, Sealed and Delivered in the Presence of

.....
.....

(Acknowledgment.)

CHAPTER IX.

MISCELLANEOUS MATTERS AFFECTING REAL ESTATE

Easements—Rights of Way and Party Walls—Leases—Rights of Landlord and Tenant—Notices Where Time Is, or Is Not, Agreed Upon—Leases of Dwellings, Farm Lands, Oil Lands and Contract for Drilling Oil Well—Appropriating Water—Powers of Attorney—Transferring Title by the Torrens System—Locating Mining Claims—Petitions to Public Bodies for Roads and Rights of Way—Executing and Revoking Wills.

Sec. 126. Easements.

(1.) An easement is a right in the owner of one parcel of land to use the land of another for some special purpose; as where A, who owns land which does not reach to the public road, secures from B a right of way for a road across the land of B to the public road.

(2.) The land to which an easement is attached, in the above case, A's, is called the dominant tenement, and the land upon which the burden or servitude is laid, in this case B's, is called the servient tenement.

(3.) The principal easements are rights of way for roads, pipe lines (See Form No. 84), or telephone lines, the right to transact business upon land, the right to use a wall as a party wall (See Form No. 83), and the right to have the whole of a division fence maintained by a co-terminous owner. Co-terminous owners are mutually bound equally to maintain the division fences, boundaries and monuments between them, and any departure from the rule is properly the subject of an agreement.

(4.) Easements are created by written instruments which are executed, acknowledged and recorded the same as deeds, and appear as exceptions in abstracts and certificates of title.

(5.) A party wall is a wall built on the dividing line of the lands of two adjoining owners. Where a party wall rests partly upon the soil of each owner, and was constructed as a party wall, each owner is possessed in severalty of his own soil up to the dividing line, and of that portion of the wall which rests upon it, but the soil of each, with the wall belonging to him, is burdened with an easement or servitude in favor of the other, to the end that it may afford a support to the wall and building of such other. (See Form No. 83.)

Sec. 127. Of Leases.

(1.) A lease is a conveyance of lands or tenements for a certain length of time by the owner, who, in such case, is called the landlord or lessor, to another person, called the lessee or tenant, for a certain consideration, called rent.

(2.) The laws of the several States fix the length of time for which a lease may be made in certain cases. In California, for example, a lease of lands for agricultural purposes, in which is reserved to the owner any rent or service of any kind, cannot be made for more than ten years, and a lease of a city or town lot cannot be made for more than fifty years.

(3.) A lease for a longer period than one year must be in writing; in fact, all leases ought to be in writing. As many copies of a lease should be made as there are parties to it, and one copy should be retained by each party. If personal property is also let in connection with real estate, an inventory of such personal property should be made, and be attached to the lease, and be referred to in the body of the lease. A lease of lands for a term of years should be acknowledged, and the acquisition or disposition by a mining corporation of mining ground should have attached the ratification of more than two-thirds of the stockholders of such corporation, as indicated in Form No. 19.

(4.) The lessor of a building intended to be occupied by human beings must put it into a condition fit for such occupancy, in the absence of any agreement to the contrary, and repair all subsequent dilapidations which render it untenable. But the lessee must repair all deteriorations or injuries caused to the building occasioned by his own ordinary negligence.

(5.) Where the premises are held by the day, week, month, quarter, or year, rent is payable at the end of the respective periods as it successively becomes due, when there is no usage or contract to the contrary. In the majority of cases, however, there is a contract between the landlord and the tenant to the effect that the rent shall be payable in advance for a stated period, as such advance payment assures the landlord that his tenant will remain for another such period, and if the tenant sees fit to remove before the period expires, the landlord has an opportunity to secure another tenant without loss of rent.

(6.) The hiring of a thing terminates, at the end of the term agreed upon, or by the mutual consent of the parties, or by the lessee acquiring a title to the premises superior to that of his landlord, or and by the destruction of the tenement.

(7.) If a lessee of real property remains in possession after the expiration of the term agreed upon, and the landlord accepts rent from him, the parties are presumed to have renewed the lease for the same terms and for the same time, not exceeding one month, when the rent is payable monthly, but not longer, in any case, than one year.

(8.) Where no time is agreed upon, the landlord, if he wishes to terminate the lease, must give the tenant notice in writing, specifying the time within which the tenant must remove and giving him one month in which to do so. (See Form No. 67). After the time mentioned in the notice has expired, if the tenant has not removed, the landlord may institute legal proceedings against him.

(9.) Where the time is agreed upon, three days' notice only is required to be given by the landlord to the tenant. (See Form No. 68). The notice may be given at any time within one year after the rent falls due, and should be served on any sub-tenant as well as on the tenant of the premises. Like notice may be served when any condition of the lease is broken, and in some cases provision is made in the lease how such notice shall be served, and that forfeiture will follow if the tenant fails to perform the covenant complained of. (See Form No. 64.)

(10.) In all leases of lands or tenements, or of any interest therein, from month to month, the landlord, by serving written notice upon the tenant at least fifteen days before the expiration of the month, may change the terms of the lease to take effect at the expiration of the month, and if the tenant continues to hold the premises, the rent and terms specified in the notice becomes part of the lease. California Civil Code, Sec. 827. (See Form No. 69.)

(11.) Two forms of farm leases are shown; also two forms of oil leases, and, in connection with the latter, a contract for the drilling of an oil well. (Nos. 61-65).

Sec. 128. Appropriating Water.

(1.) The doctrine of appropriation of water from streams is peculiar to the Western States, and owes its origin to the necessities of the arid region. The doctrine is that the unappropriated waters of natural streams shall be subject to appropriation for irrigation and other useful purposes. To constitute a valid appropriation of water, there must be an actual diversion of the water with the intent to apply it to some beneficial use, followed by an actual application of it to that use within a reasonable time. As between appropriators, the one first in time is first in right.

(2.) A person desiring to appropriate water must post a notice, substantially as per Form No. 70, at the point of intended diversion, and a copy of such notice must, within ten days after it is posted, be recorded in the office of the County Recorder of the county in which it is posted.

Within sixty days after the notice is posted, the claimant must commence the excavation or construction of the works in which he intends to divert the water and prosecute the work diligently to completion, by which is meant conducting the water to the place of intended use. By a compliance with the requirements of the law, the right to the water relates back to the time the notice was posted.

Sec. 129. Powers of Attorney.

(1.) A power of attorney is a written authorization executed by one person, called the principal, directing another person, called the attorney in fact, to perform some act or acts for the principal. A power of attorney is deemed to be in effect until revoked or until the death of the principal.

(2.) The power of attorney to execute a deed, mortgage or other instrument affecting real property, must be in writing and be subscribed, acknowledged or approved, and certified and recorded, in like manner as grants of property.

(3.) In California, a married woman may make, execute and revoke powers of attorney for the sale, conveyance or incumbrance of her real or personal estate with the same effect as if she were unmarried.

(4.) A power of attorney may be revoked at the pleasure of the principal, unless the attorney in fact, or some third person, has an interest in the subject matter of the power.

(5.) A power of attorney which has been recorded and

which affects real estate is not revoked by any act of the party by whom it was executed, unless the instrument containing such revocation is acknowledged and certified and recorded in the same office in which the instrument containing the power was recorded.

(6.) An attorney in fact, in executing an instrument transferring any estate in real property, must subscribe the name of his principal to it and his own name as attorney in fact. The name of the principal is recited in the body of the instrument and the signature is made thus: "John Jones, by his attorney in fact, Peter Brown."

Sec. 130. Torrens Land Titles.

In 1897 the California Legislature passed an act to provide for the certification of land titles in accordance with the Torrens system, but the system has not become popular, for the reason, perhaps, that the first step is the filing of a verified petition in the Superior Court to have a decree entered bringing the land described in the petition under the operation of the act.

(1.) The act is intended, its advocates claim, to make the State the guarantor of all titles registered under the law; to put beyond possibility of question or contest title to real estate in one in whom title is found to reside; to render laborious search of title unnecessary, and to economize the cost of search; to present at any moment a perfect and guaranteed index of all matters and things relating to or affecting title; to enable the owner of property to so leave his estate, so far as realty is concerned, that it will be practically beyond assault and contest; to simplify the method of transfer and incumbrance, and greatly reduce the cost of the same; to economize in time of transfer, and largely to be preventive of litigation. Finally, it aims to enable an owner of property to clear his title of clouds, and make a judicial record of its actual condition that shall be final and conclusive.

(2.) Land is brought under the operation of the act voluntarily only by petition of the owner and by order of court. The petition sets out all the facts relative to the claim of the owner to the real estate, and is accompanied by a plat of the land, and an abstract of the title made by a searcher who has

given official bonds against damages and costs for any error.

(3.) The Superior Court sets a time for hearing the application to register and gives notice to all interested (See Form No. 76), and to owners of adjoining lands. Any one interested may appear at the hearing, when evidence may be taken. If it is found that the applicant is the owner, and that all defects in the title have been cured, a decree to that effect is entered, whereupon the County Registrar makes the original certificate of title and proceeds to bring the land under the operation of the act and supplies the owner with a duplicate certificate. (See Form No. 77.)

(4.) The original certificates of title are to be recorded with all memorials and notations of the certificate, or relating to it. Every title certificate is to bear a number corresponding to the folio of registration on the registration books. Every transfer of title is deemed registered, when the new certificate to the transferee has been marked, as in case of the first certificate, and all dealings regarding the land are deemed registered when the memorial or notation is entered on the register. Any one aggrieved by any act or refusal of the Registrar, may bring an action to have the matter determined.

(5.) If part of the land is sold, a new duplicate certificate issues for the unsold portion. The Registrar is to keep all papers filed regarding title and is to furnish copies to any one on demand and payment of a fee therefor, but shall endorse on the copy in red ink, "No rights conveyed hereby."

(6.) An indorsement on a certificate substantially as follows: "I grant to — the real property within described," when duly acknowledged, will be sufficient to transfer title. A deed or instrument purporting to deal with registered land—except a will or lease for a year—has only the effect of a contract, and is authority to the Registrar to make note of the transfer, on compliance with the terms of the act. If such an instrument is filed with the Registrar, he notes the fact on the original certificate thus: "transferred," "mortgaged" or otherwise.

Sec. 131. Locating Mining Lands.

(1.) The public lands of the United States, open to entry by citizens of the United States, over twenty-one years of age,

are classified as agricultural, desert, timber, stone, coal, mineral and saline lands. For full details as to the methods of procedure by which title is acquired to these several kinds of land see the American Mining Code and American Settler's Guide.

(2.) There are two kinds of mining claims, quartz or lode claims, and placer claims. A lode claim may be located for fifteen hundred feet along a mineral vein, and in width for three hundred feet on each side of the vein, making a claim of not exceeding 1500 feet in length by 600 feet in width. On a quartz claim a discovery of mineral must be made before location.

(3.) A placer claim may be located at the rate of twenty acres for each locator and an association of not exceeding eight locators may locate up to one hundred and sixty acres. A placer claim may be located before mineral is actually discovered, but a patent cannot be obtained until mineral has been discovered. Petroleum, brea, natural gas and asphaltum are entered as placer claims.

(4.) To make a valid location, the claim must be distinctly marked on the ground by reference to some natural object or permanent monument so that the boundaries of the claim can be readily traced. Such natural objects or permanent monuments may consist of stone monuments, mountain peaks, blazed trees, confluents of streams, or the boundaries or monuments of adjoining claims. Marking the claim on the ground determines the rights of the claimant as between himself and adjoining government land and notifies third parties of his rights.

(5.) When the claimant has located his claim, he must prepare a notice, in which the claim will be described according to the location boundaries, for the purpose of identifying the claim. The notice must also set forth the names of the locators, the date of the location and usually the name of the claim. (See Form No. 78 for Lode Claim and No. 79 for Placer Claim.)

(6.) The miners in a certain locality may form a mining district, and make regulations not in conflict with the laws of the United States and of the State in which the district is sit-

uate, governing the location, manner of recording the location notice, amount of work necessary to be done, and rate per day at which such work shall be computed, etc. Such districts usually appoint a mining recorder and require that all location notices and proofs of annual work shall be recorded in books kept in his office in the district.

(7.) The claimant posts one copy of his notice on the claim, and files a duplicate with the mining recorder of the district. It is the practice, in some sections to have such notice also recorded in the permanent records in the office of the County Recorder of the county in which the land is situate; and in California, the State law requires that the affidavit of annual assessment work shall be recorded in the County Recorder's office.

(8.) At least one hundred dollars worth of work or improvements must be done on each claim each year, counting from the first day of January next succeeding the date of location, until patent is obtained, whether the claim is a lode claim or consists of twenty or more acres of placer mining ground. Such work is usually done in the latter part of the year, and an affidavit of assessment work is then filed in the office of the County Recorder. A failure to do the requisite work and file the affidavit within the required time, leaves the claim open to re-location. Labor done for the direct benefit of the claim, though not done on the claim itself, may be applied as annual assessment work. (See Form No. 80.)

(9.) At least five hundred dollars in labor and improvements must be expended on the claim, and a discovery of mineral made thereon, before application for patent can be made through the nearest land office.

Sec. 132. Of Petitions.

In some cases, easements for roads and rights of way, etc., are to be obtained from public bodies, by means of petitions, and suggestions for these are set forth in Forms Nos. 81 and 82.

Sec. 133. Of Wills.

(1.) A Will is a disposition of real and personal property by a person, called the testator, to take effect after his death. Every person of sound mind, and over eighteen years

of age, may by his last will, dispose of all his real and personal estate, subject to the payment of his debts.

(2.) Every one who has property, should make a will if for no other reason than to appoint an executor, and, if desired, to exempt the executor from giving bonds.

(3.) A married woman, under the California law, may make, alter and revoke her will in like manner as if she were single.

(4.) An intestate is one who, having power to make a will, does not make it, or who makes a defective will. His estate descends to his heirs and is managed by an administrator.

(5.) An olographic will is one that is entirely written, dated and signed by the hand of the testator himself. It need not be witnessed. (See Form No. 85.)

(6.) Any other written will must be executed and attested with certain formalities, namely:

(a) It must be subscribed at the end by the testator himself, or some person in his presence and by his direction must sign his name for him;

(b) The signing must be made in the presence of two attesting witnesses, or the testator must acknowledge to such witnesses that the signature is his or was made by his authority;

(c) The testator must, at the time of signing or when he acknowledges that the signature is his, declare to the witnesses that the instrument is his will, and each of the witnesses must, thereupon, sign his name as a witness, at the end of the will, after a witness-clause, as shown in Form No. 86.

(7.) The statutes of the several States place limitations on the will-making power, as, for example, in California, the husband has power to dispose of only one-half of the community property; a married woman can only will her separate property; only one-third of an estate can be devised to charity; certain kinds of corporations cannot take property under a will; trusts of a certain character can only be declared, etc., etc. If the property interests involved are of any magnitude, it is advisable for the testator to procure the services of a competent attorney in making his will.

(8.) Wills are revoked by certain acts, as where a woman marries after making her will; or where a man marries after making his will and does not provide for his wife by marriage contract or by will; also by the testator burning, tearing, cancelling, obliterating or destroying his will with the intention of revoking it. If so cancelled or destroyed by any person other than the testator, the fact of such cancellation or destruction, and that the testator directed the same to be done, must be proved by two witnesses. Wills may be revoked in writing, but such writing must be executed with the same formality as the will.

(9.) A codicil is an addition to, or modification of a will.

FORM NO. 60—LEASE OF HOUSE OR OTHER DWELLING.

THIS LEASE AND AGREEMENT, made and entered into, in duplicate, this 16th day of August, A. D. 1905, by and between Allen H. Avery, the party of the first part, and Thomas B. Longstreet, the party of the second part, each of said parties being a resident of the City of Los Angeles, County of Los Angeles, State of California, WITNESSETH: That for and in consideration of the payments of the rents, and the performance of the covenants contained herein on the part of the said party of the second part, and in the manner hereinafter stated, said party of the first part does hereby lease, demise and let unto the said party of the second part, that certain premises and building, and its appurtenances situated at No. 1076 Santee Street, in the City of Los Angeles, County of Los Angeles, State of California, and being Lot No. 235, in Block "L" of the Avery Tract, to be used as a rooming house, for the term of two years, commencing on the First day of September, 1905, and ending on the Thirty-first day of August, 1905, at the monthly rent or sum of Fifty (50) Dollars, payable monthly in advance on the 15th day of each and every month of said term.

The party of the second part agrees that he has thoroughly examined said leased premises, and knows the condition thereof in every particular, and accepts the same in their present condition, waiving any claim or right on account of such condition, and the party of the first part shall not be liable to the party of the second part, or to his successors or assigns, or to any other person, for any injury or damages that may result to persons or property by reason of any defect in the construction or condition of said premises, whether such defect be known or unknown to either of the parties hereto, nor for any loss or damages that may be occasioned by storms, rains or leakage in the roofs or other portions of said premises, or by over-flowing of bath tubs, explosions of gas heaters, or gas, or gasoline stoves, or by other injury to said premises, or to per-

sons or property therein, or by reason of any negligence of any other tenant, or of any employee, of the party of the first part.

The party of the second part, shall not do, or permit to be done, in or upon the said demised premises, anything which will in any way conflict with the conditions in any insurance policy, upon the building or any part thereof; or in any way increase the rate of fire insurance upon said building, or conflict in any way with the laws or ordinances, of the City of Los Angeles, or of the various departments thereof, and shall not allow said premises to be used for any improper, immoral or unlawful or objectionable purpose, or for the keeping, storing, selling, or otherwise disposing of intoxicating liquors.

The party of the first part, and his agents, and representatives, shall have the right to enter the demised premises, to examine the same, and to make such repairs and alterations as he may deem necessary for the safety, care or preservation thereof, and, upon the expiration of this lease, to show said demised premises to any person wishing to lease the same, and shall have the right to place in the windows, or otherwise in said premises, a notice to rent, for one month prior to any termination of this lease.

AND IT IS AGREED, that if any rent shall be due and unpaid, or if default shall be made in any of the covenants herein contained, then it shall be lawful for the said party of the first part, to re-enter said premises, and remove all persons therefrom. And at his option to terminate this lease, but such re-entry shall not be deemed a termination of the liability of the party of the second part, unless notice of his election to terminate the lease be given by the party of the first part.

And the said party of the second part, does hereby promise and agree to pay to the said party of the first part the said monthly rent herein reserved, in the manner herein specified. And not to let or underlet the whole, or any part of said premises, or make or suffer any alteration to be made therein, without the written consent of the said party of the first part; and not to assign this lease without the written consent of the said party of the first part. And it is further agreed that the said party of the first part shall not be called upon to make any improvements or repairs whatsoever, upon the said demised premises, or any part thereof, but the said party of the second part agrees to keep the same in good order and condition at his own expense. And at the expiration of said term or any sooner determination of this lease, the said party of the second part, will quit and surrender the premises hereby demised in as good order and condition as reasonable use and wear thereof will permit, damages by the elements excepted. And if the party of the second part shall hold over the said term, with the consent, express or implied, of the party of the first part, such holding over shall be construed to be a tenancy from month to month, and said second party will pay the rent as above stated, for such further time as he may hold the same. The party of the second part agrees to pay all rents for water, electric light and gas, which may be

consumed in, or properly be charged against, said premises during the term of this lease.

It is expressly understood and agreed by the parties hereto, that if the rent herein reserved, or any part thereof, shall be unpaid on any day of payment whereon the same ought to have been paid, and remains unpaid for ten (10) days thereafter, or if default shall have been made in any of the covenants, or agreements herein contained, on the part of the said party of the second part, to be kept and performed, then it shall and may be lawful for said party of the first part, his agents, attorneys or assigns, to declare the term of said lease ended, and into said demised premises, and every part thereof, to re-enter, either with or without process of law, and to expel, remove or put out, any person or persons occupying the same, together with the goods and chattels found therein, using such force as may be found necessary in so doing, and the said premises to repossess and enjoy as in his first and former estate.

The covenants and conditions herein contained shall inure to the benefit of, and be binding upon, the heirs, successors and assigns of the respective parties hereto; provided, that this lease shall not be capable of assignment except by the written consent of said party of the first part, as aforesaid.

IN WITNESS WHEREOF, the said parties of these presents have hereunto set their hands and seals, the day and year first above written.

ALLEN H. AVERY. (Seal)

THOMAS B. LONGSTREET. (Seal)

In consideration of the foregoing lease or agreement, and One Dollar to me paid, the receipt whereof is hereby acknowledged, I do hereby covenant, promise and agree to and with the said Allen H. Avery that the said Thomas B. Longstreet shall well and truly pay all rents and perform and execute all the covenants therein contained on his part and that on his failure so to do in any particular, I will forthwith pay unto said Allen H. Avery all rents or damages that may happen or accrue by reason of such failure not exceeding the sum of Two hundred (200) Dollars.

Dated and signed on this 16th day of August, 1905.

C. G. REMICK. (Seal)

Signed, Sealed and Delivered in the Presence of

W. F. THAYER,

SOLON ABBOTT.

FORM NO. 61—FARM LEASE "MESA LANDS" (CALIFORNIA).

THIS AGREEMENT, made the 20th day of August, in the year of our Lord one thousand nine hundred and four, by and between S. J. Wise, of the City and County of San Francisco, State of California, party of the first part, and D. C. Vancliff, of the County of Santa Barbara, State aforesaid, party of the second part, Witnesseth: That the said party of the first part, for and in consideration of the covenants and agreements hereinafter mentioned, and contained, on the part of the said party of the second part, his executors, administrators and assigns, to be kept and per-

formed, does by these presents, demise and farm-let unto the said party of the second part, his executors, administrators and assigns, and said party of the second part does hire and take from said party of the first part, all that certain lot, piece or parcel of land situate, lying and being in the County of Santa Barbara, State of California, bounded and described as follows, to-wit:

(Description.)

Containing about two hundred (200) acres, to farm on shares from the date hereof, until the crops that are on said lands in the year 1906 are harvested, but not later than November 1, 1906, upon the terms, covenants and conditions hereinafter mentioned.

IN CONSIDERATION WHEREOF, The said party of the second part hereby covenants and agrees to and with said party of the first part, that he will occupy, till, and in all respects cultivate the said premises, and the whole thereof, during the time aforesaid, in due season, and in a good and husbandlike manner, and according to the usual course of husbandry; that he will not commit, or suffer any waste or damage upon said premises, or any part thereof; that he will at his own cost and expense, keep the fences and buildings on the said premises in good repair, reasonable wear thereof and damage by the elements excepted; that he will find and furnish all seed necessary to be sown on said premises, and will do or cause to be done all necessary work and labor in and about the cultivation of the said premises, and in harvesting, threshing, sacking and taking proper care of all crops raised thereon, as soon as ripe; that he will immediately, after each harvesting or threshing, as the case may be, deliver to the said party of the first part, in a warehouse at Orcutt, California, an equal one-half of all crops or other products of the said premises, the same to be securely and properly baled or sacked in new, standard sized sacks of the first quality; and further agrees that if the grain grown on the said premises be cut with a "harvester," he will immediately gather the bags of grain as harvested, and pile them in piles of not less than one hundred each.

It is agreed that the system of summer-fallowing shall be observed in the farming of said lands, and that twenty acres thereof shall be summer-fallowed by said party of the second part in each year during the term of this lease, or any renewal or continuation thereof.

The said party of the first part reserves the right to sell the whole or any part of said premises, at any time; but, in case the purchaser shall not take the same subject to this lease, the said lease (as to the lands so sold) shall forthwith terminate; whereupon the said party of the second part at the option of lessor shall be permitted to harvest and remove the crop then growing, or shall be entitled to fair compensation from said party of the first part for all labor employed and expense incurred in preparing for another crop, the land so sold. Said party of the second part shall also be entitled to fair compensation for any summer-fallowing he may do and leave upon said lands, whether at the expiration of the expressed term of this lease or upon any sooner determination thereof. The

compensation, or any thereof, in this clause referred to, is to be such as shall be agreed upon by the said parties, or in case they do not agree, is to be such as shall be fixed by three arbitrators—one to be chosen by each of the parties hereto, and the third by the two arbitrators so first chosen.

AND IT IS FURTHER MUTUALLY AGREED, *between* the parties hereto, that in case the party of the second part shall fail to harvest the crops or other products that may grow on the above described lands, as soon as ripe, the said party of the first part may enter upon said premises, without notice to the said party of the second part, and take possession of all crops or other products that may be thereon, and harvest the same at the expense and cost of the party of the second part, and may sell by public or private sale, and with or without notice or previous demand of payment, so much of the share thereof belonging to said party of the second part as shall appear to be necessary therefor, and apply the proceeds of sale in payment and reimbursement of all costs and expenses incurred in such harvesting, and in providing sacks and sacking, baling, hauling, and storing the said crops or other products, or any part thereof.

AND IT IS FURTHER AGREED, that said party of the first part shall, at all times, be the absolute owner as of original right of the proportion of said crops and other products which he shall be entitled to receive and retain under this agreement, and the remainder shall belong to and be the property of the party of the second part.

The party of the first part may, at any time, at his option, after said harvesting and threshing, enter upon the said premises, and, without process of law, select and remove the proportion of crops and other products to which he is so entitled under this agreement.

Said party of the second part agrees that he will not feed stock from the growing crop on the said lands; and also agrees that none of the said lands shall be volunteered without the written consent of the party of the first part; and in case volunteer be allowed, said party of the first part shall receive, have and own *one-half* of said crop, properly sacked, or baled, as the case may be, and delivered as aforesaid; and also agrees that no dry plowing shall be done without the written consent of the party of the first part.

It is agreed that no hay shall be cut upon said premises (except around the margin of the crop, where necessary to avoid waste in harvesting,) without the written consent of the said party of the first part; and that of all hay which shall be cut upon said premises, the party of the first part shall own and receive the one-half part baled and delivered by said party of the second part as aforesaid.

IT IS FURTHER UNDERSTOOD AND AGREED between the said parties, that the party of the first part reserves the privilege to give right of way through the aforesaid lands, or any of them, for railroads, ditches, etc., at any time during the term of this lease.

IT IS ALSO AGREED that if said party of the second part shall fail or neglect to fulfill or perform any of the covenants or agreements herein contained, or shall violate any thereof, it shall be lawful for the said party of

the first part to re-enter the said premises and remove all persons therefrom, and forthwith terminate this lease.

AND ALSO that in case any suit or action be commenced by said party of the first part for recovery of possession of said premises or any part thereof, or for the enforcement or protection of his rights to his proportion of the said crops or other products, or any part thereof, or on account of the non-fulfillment of the conditions or agreements or any of them contained in this lease, the party of the first part shall be entitled, if he recover judgment, to have included therein and to recover the sum of \$100.00 for attorney's fees, together with all costs of such suit or action.

IT IS FURTHER AGREED, that the party of the first part shall have and own all stubble on the aforesaid lands, and have the right to take possession thereof as soon as the crop is harvested.

The party of the second part shall make a reasonable effort to exterminate the squirrels on the above described lands, during the existence of this agreement, at his own expense.

This contract shall not be assignable or transferable, in whole or in part, without the written consent of the said party of the first part.

Said party of the second part agrees that, at the expiration of said term, he will surrender and yield up peaceable possession of said premises to said party of the first part.

IN WITNESS WHEREOF, the said parties have hereunto set their hands and seals the day and year first above written.

[In duplicate.]

S. J. WISE. (Seal)

D. C. VANCLIFF, (Seal)

Signed, sealed and delivered in the presence of:

MILTON YOUNG, Witness.

L. A. DANIELS, Witness.

FORM NO. 62—FARM LEASE (COLORADO).

THIS ARTICLE OF AGREEMENT, Made and entered into by and betweenparty of the first part, lessor, and..... party of the second part, lessee, witnesseth, that the said party of the first part has this day leased unto said party of the second part the following described premises situated in the County ofand state ofto-wit:.....together with all buildings and improvements on the same (except as hereinafter mentioned) for the term ofyear...commencing on the.....day of..... 190., and ending the.....day of.....190., at the.....rent of.....subject to conditions in fourteenth clause hereof. the said.....rent to be paid or delivered, as the case may be, as follows: And the said party of the first part makes the following reservation, to-wit: The said party of the second part, lessee, agrees as follows:

1st. To thoroughly plow, cultivate and farm in farm-like manner, all lands upon said premises not in tame or wild grass, or in timber.

2nd. That..... will use said premises as aand for no other purpose whatsoever, that especially will not let said premises or permit the same to be used for any unlawful business or purpose whatsoever.

3rd. That.....will not sell, assign, underlet, or relinquish said premises without the written consent of the said party of the first part (lessor), under the penalty of a forfeiture of all.....rights under or by virtue of this Lease, at the election of said party of the first part.

4th. That.....will guard said property, buildings, gates, fences, vines, shrubbery, and orchard from all damages, that.....will keep the buildings, glass, gates and fences in as good repair as the same now are, or may be at any time placed in by the said party of the first part (lessor); that.....will do no act whereby an insurance on buildings may be invalidated; that.....will not remove nor allow any other person to remove from said premises any of the fences, buildings, trees, shrubbery, or any of the improvements of any kind.

5th. That.....will haul out all manure on said premises, in the summer and fall, and place it where the party of the first part desires. No furrows to be run so as to cause ditches to wash said premises, unless first having written consent of said party of the first part. That he will clean out and maintain in good repair, during the operation of this Lease, all ditches belonging or appertaining to the above described land.

6th. That.....will well and seasonably put in and tend said crops; that.....will have all small grain threshed by..... and corn husked and cribbed by.....of each year; and if not threshed or cribbed as stated, first party may proceed to do so after ten (10) days' notice to second party, and take enough of second party's grain to pay expense of such gathering or harvesting or threshing; that the tame or wild grass is to be well harvested and taken care of; that no young or growing timber is to be cut or used which is now growing on said premises; that no rails, boards or posts be used or appropriated as fuel or other purposes.

7th. That.....accepts the fences upon said leased premises as they now are.....

8th. That at the expiration of this Lease, or upon a breach by the said party of the second part of any of the covenants herein containedwill, without further notice of any kind, quit and surrender the possession and occupancy of said premises in as good condition as careful use and natural wear and decay thereof will permit.

9th. That all goods and chattels, or any other property used or kept on said premises, shall be held for the rent or damages under this Lease, whether exempt from execution or not, meaning or intending hereby to give the party of the first part a valid and first lien upon any and all goods and chattels, crops and other property belonging to said party of the second part.

10th. It is further agreed that second party is to work out the road tax for 190., and send receipt for same to first party.

11th. It is further agreed.....

12th. That all payments from party of the second part shall become due and payable upon his forfeiture of said Lease, or his abandoning said premises, and if it becomes necessary for the first party to bring an action at law to recover possession, damage or rent, party of the second part agrees to pay a reasonable attorney's fee therefor, and all costs attending the same.

13th. It is further agreed that in case the land described herein is sold or rented to another tenant for 190., said tenant or buyer shall have the right to go on said land, make repairs, fall plow, or sow wheat in the fall of 190..

14th. It is further understood and agreed that in case first party sells the property described herein before the.....day.....190., it or its assigns may declare this Lease void and of no effect, by giving second party notice of said sale before the.....day of..... 190., and paying second party.....dollar.. per acre for all plowing done on said land in the fall of.....

IN WITNESS WHEREOF, The said parties have hereunto subscribed their names, and signed a duplicate, this.....day of.....190..

.....(Seal)

.....(Seal)

.....(Seal)

IN PRESENCE OF

.....
.....

FORM NO. 63—OIL LEASE (COLORADO).

THIS AGREEMENT, made and entered into this 9th day of April, A. D. 1905, by and between Richard Reese of Kit Carson County, and State of Colorado, party of the first part, and James Morton of the County of Fremont, and State of Colorado, party of the second part,

Witnesseth: That the said party of the first part, for and in consideration of the royalties hereinafter agreed to be paid and of the covenants and agreements hereinafter expressed to be kept and performed by the said party of the second part, has leased, let and demised and by these presents does lease, let and demise unto the said party of the second part, the following described premises, to-wit: S. E. $\frac{1}{4}$ of N. E. $\frac{1}{4}$ of Section 23, Township 16 South, Range 10 East of principal meridian, in Fremont County, State of Colorado, containing 160 acres, more or less:

To have and to hold, unto the said party of the second part for the term of fifty years from the date hereof; the said party of the first part hereby giving and granting to the party of the second part the following rights, powers and privileges, to-wit: to prospect, bore, drill, mine and develop the said premises for oil and gas; to erect, construct and maintain machinery, tanks, pipe lines, refineries, tramways, cable lines, railways, railway sidings, dwelling houses and any and all structures which may be necessary or proper to be erected, constructed or maintained for the purpose of prospecting, boring, drilling and developing the said premises as

aforesaid, and of storing, using and disposing of oil and gas found or discovered upon the said premises or upon premises in the vicinity thereof.

The said party of the second part covenants and agrees as follows, to-wit:

First.—To pay and deliver as royalty to the said party of the first part, ten per cent of the net proceeds derived from all oil or gas obtained by virtue of this agreement, the product so obtained and disposed of for each month to be paid for on the first day of the second month following.

Second.—To commence in the County of Fremont, State of Colorado, within one year of the date hereof, to drill a well for oil and to continue the work thereon with due diligence until the said well shall have reached the depth of 1,000 feet, or oil or gas has been discovered, and in the event of a discovery of oil or gas in paying quantities in said well, to commence, within five years from the date hereof, to drill a well for oil on the above described premises, it being agreed and understood that a failure to commence to drill either of the above mentioned wells shall in no manner render the said second party liable for any damages to the first party, his heirs or assigns.

It is also agreed that the said party of the first part shall fully use and enjoy said premises for horticultural, farming and grazing purposes until said second party is ready to commence operations thereon, and after operations have been commenced on said premises by said second party, said first party shall fully use and enjoy said premises for said purposes, except such parts as may be necessary for the operations of said second party, and for the construction of derricks, pipe lines, tramways, railroad tracks and other things necessary for the purposes herein mentioned.

It is further agreed that there shall be no wells drilled within one hundred feet of the buildings now on the premises, without the consent of the first party.

It is further agreed that if one or more dry wells are drilled on said land, which fail to produce oil or gas in paying quantities, then the party of the second part shall have the right to abandon this lease and said property shall revert to said party of the first part, without liability for further development.

It is hereby further covenanted and agreed that any and all fixtures, buildings, machinery and improvements of every description erected upon the said land and premises under and by virtue of this lease may be removed within ninety days from and after the termination of this agreement; that the said party of the second part shall have the right to take and use water from any ditch or ditches, stream or streams, spring or springs in and upon the said land and premises, so far as may be necessary for the operation of whatever machinery may be necessary or proper to be used on account of this agreement; that the said land and premises, and any part thereof, may be sublet, and any or all rights existing under and by virtue of this agreement may be assigned or transferred; that the title to any and all oil or gas found or discovered in or upon the said land and premises shall be in the said party of the second part, subject, however, to the

payment of the royalty herein reserved to be paid; that if the said party of the second part shall fail in any respect to keep and fulfill any and all agreements herein expressed or implied, then, and in that case it shall be lawful for the said party of the first part, his agent or attorney, to declare this lease void and of no effect thereafter, and without process of law, to enter upon and take possession of said premises; and that in such case, or at the expiration of this lease by limitation, the said party of the second part shall surrender, yield and deliver to said party of the first part quiet and peaceable possession of said premises in good condition.

In consideration of the premises, it is also further agreed by and between the parties hereto that the said party of the second part shall have the right and option to purchase all of the land and premises described herein upon the payment of Five Thousand (5,000) dollars as follows, to-wit: \$2,000, on or before the 9th day of April, 1906, \$2,000, on or before the 9th day of September, 1906, \$1,000 on or before the 9th day of April, 1907, a good and sufficient deed, conveying all the right, title and interest of the said party of the first part, to be delivered to the said party of the second part, upon the payment of the said consideration.

Each and every grant, promise and covenant herein made by either party hereto is and shall be a grant, promise and covenant of the heirs, administrators, executors, successors and assigns of such party, and any right, privilege or property herein granted to either of the parties hereto shall be a right, privilege and property of the heirs, executors, administrators, successors and assigns of such party.

IN WITNESS WHEREOF, The said parties hereto have hereunto set their hands and seals the day and year first above written. (Executed in Duplicate.)

RICHARD REESE. (Seal)

JAMES MORTON. (Seal)

(Acknowledgments.)

FORM NO. 64--OIL LEASE (CALIFORNIA).

THIS LEASE AND AGREEMENT, made and entered into, in duplicate, this 10th day of May, in the year A. D. 1905, by and between Alfred Benton and Jane Benton, his wife, of the County of Santa Barbara, State of California, the parties of the first part, and Blue Bird Oil Company, a corporation, organized and existing under the laws of the State of California, and having its principal place of business at Los Angeles, Los Angeles County, California, the party of the second part:

WITNESSETH, That for and in consideration of the rents and royalties to be paid by party of the second part to parties of the first part hereinafter specified, and of the covenants, agreements and stipulations by said party of the second part hereinafter undertaken to be done and performed, the said parties of the first part do hereby grant, lease, demise and let unto the party of the second part, its successors and assigns, for the term and time and for the purposes, and under and in accordance with the stipulations, agreements and conditions herein set forth, the following

described lands, situate in the County of Santa Barbara, State of California, bounded and described as follows, to-wit:

(Description.)

Together with the exclusive right to operate, mine, tunnel and drill for, and to otherwise develop, collect and obtain crude petroleum oil, asphaltum, maltha, tar, gas, and any and all other hydro-carbon substances in, upon and under said lands; together with the right to take, remove, hold, own, market and otherwise to use, enjoy and dispose of all of said petroleum oil and any and all of said other substances which may be produced and saved by party of the second part, out of, from and away from said lands, subject to the payment of the rents and royalties herein provided.

TOGETHER with the right and privilege at any and all times, during the continuance of this contract, to enter and travel in, upon and over any and all portions of said demised premises, and thereon to build, erect, hold, operate, maintain and enjoy any and all necessary or convenient roads, derricks, rigs, boilers, engines, machinery, pumping stations and plants, jacks, boarding houses, bunk houses, stables, pipe-lines, tanks, telephone lines, and any and all other means, appliances, machinery and structures, proper or convenient for use in connection with the development, collection, storage and transportation of any and all of said hydro-carbon substances.

TOGETHER also with the right, at any and all times, during the continuance of this contract, to take, develop and use any and all water on said demised premises that may be necessary or convenient for operating machinery and for domestic and stock purposes and uses in connection with the operations of party of the second part under this contract, and for use in sinking and drilling wells and driving tunnels and making excavations on and in said lands, and otherwise in connection with operating for and developing, removing and marketing said oil and said other substances on, in and from said demised premises.

TO HAVE AND TO HOLD the premises hereinabove described, and all and singular said rights, privileges, interests and easements herein granted, unto the said party of the second part, its successors and assigns, for and during the time and periods and subject to all the terms, conditions, stipulations and agreements herein specially set forth.

And it is expressly understood and agreed that, subject to the rights, privileges and easements herein granted exclusively to said party of the second part, the said parties of the first part are to retain the use and possession of the lands and premises hereby demised, during said term, for all purposes that they may desire which are not inconsistent with the exclusive rights, privileges and easements hereby granted to the said party of the second part.

1st. The party of the second part agrees that it will within sixty days from the date hereof commence operations on said lands, and that it shall and will sink or drill wells on said premises at the rate of four (4) wells per year for the period of ten (10) years from and after the date

hereof; provided, that the party of the second part shall be able to sink as many as four wells per year on said lands by the diligent and continuous operation of two strings of drilling tools thereon; it being understood that if four wells cannot be sunk on said lands in any year by the diligent and continuous operation of two strings of drilling tools, the obligation of the party of the second part in this behalf shall nevertheless be considered to have been, and shall be, fully performed for such year if two strings of drilling tools shall have been diligently and continuously operated on said premises during such year.

2nd. It is further understood and agreed, however, that the foregoing agreement fixes only the minimum number of wells to be sunk or the minimum number of strings of tools to be operated, and that party of the second part may sink in any year in said term of ten years, and in the aggregate during said term, as many wells hereunder as it sees fit, there being no maximum limit fixed to the number of wells to be sunk hereunder during said term of ten years; and that in case party of the second part in any of said years shall sink a well or wells on said lands in excess of said number of four wells required to be sunk in each year, then the well or wells so sunk in excess of said required yearly number, shall be applied on the wells required to be sunk hereunder thereafter, in such manner and for such year or years as the said party of the second part shall elect.

3rd. It is further understood and agreed that if the party of the second part shall fail for any one year to sink the said required number of wells for that year, or to operate continuously and diligently during the same with two strings of tools as herein expressed and stated, the party of the second part shall forfeit all rights under this grant to drill or sink upon said lands other wells than those already completed as herein defined, or on which work is being done in good faith at the time of such forfeiture, and shall also forfeit the right to begin any new tunnels, excavations or other works thereon. It being particularly understood and agreed, however, that said party of the second part shall not be bound to carry on said work of drilling wells on Sundays, or on legal holidays, or at night when by reason of excessive gas, or otherwise, it is unsafe to drill at night, or when prevented by the weather, strikes, unavoidable shortage of water, accidents or other unavoidable causes, and that the failure of party of the second part, at any time, to diligently and continuously operate two strings of tools shall be deemed to be excused, and shall be excused, if such failure occurs by reason of any of the causes or reasons above named, and by such failure to operate party of the second part shall neither forfeit nor lose any of its rights hereunder.

4th. It is further understood and agreed that the right and privilege hereby granted to drill or construct new wells, tunnels, or excavations for the development of said hydro-carbon substances upon said lands shall in any event cease and determine at and from the expiration of said term of ten (10) years from the date of this instrument. It being understood and agreed, however, that the party of the second part shall have the right to complete such wells or other works as may have been commenced

at the time of the expiration of said term, and work whereon is in active progress.

5th. Whenever the party of the second part shall have found oil in any well in quantities sufficient to pay to pump, such well shall be deemed to be and shall be, and shall be counted as a completed well, for all and singular the purposes of this agreement; and whenever party of the second part shall have sunk any well to a depth of five hundred feet, although oil be not discovered in paying quantities, the same shall be deemed to be and shall be, and shall be counted as a completed well for all and singular the purposes of this agreement.

6th. That party of the first part shall receive and have, and party of the second part shall pay and deliver to party of the first part, as and for rent and royalty, a one-eighth (1-8) part of the net production of all oil, or other hydro-carbon substances, taken or obtained by said party of the second part in commercial quantities from any tunnels, wells, or excavations sunk or made on said lands hereunder, and said rent and royalty shall be so paid by said party of the second part to said party of the first part as long as said party of the second part shall operate or pump any wells upon said premises or take any of said substances therefrom. By the term "net production" is meant the entire amount of oil, or other hydro-carbon substances, produced and saved from any tunnel excavations or wells on said premises, after deduction shall have been made for and of any and all fuel used by said party of the second part in connection with its operations on said premises. Said rents and royalties shall be delivered to party of the first part in kind, and, if they be liquids, at and from the storage tanks of party of the second part, on said premises; deliveries of all rents and royalties produced during each calendar month shall be made not later than the 15th day of the month next succeeding. The parties hereto shall, on the 15th day of each month, make an accounting and settlement of and for the royalty oil or other hydro-carbon substances produced and saved under this contract from said premises during the preceding calendar month. In the event that party of the first part shall fail or neglect to provide suitable means of transportation and storage for the receipt and transportation of its royalties, at the times and places when and where the same are to be delivered, as aforesaid, then the party of the second part may store, transport and market the same; and in such case party of the second part shall be entitled to a credit for, and shall receive, the usual and reasonable rates for such storage and transportation, and for its service in marketing such royalties, and shall account for and pay to party of the first part the excess after deduction of such charges.

7th. Party of the second part shall keep a full, correct and accurate account of all oil, or said other substances produced and saved by it on and from said premises under this agreement, which said account may at all times, during office hours, be inspected by the parties of the first part, or their agents, who shall also have free access to said premises at all reasonable times, and to the wells sunk thereon, and to the storage tanks, for the purpose of measuring and gauging the oil and other substances produced and saved from said premises.

8th. That party of the second part shall and will diligently and in a business-like manner pump or otherwise operate and care for the wells and other works sunk or made on the said lands at all times, so long as it shall remain in possession and control of the same; it being understood and agreed, however, that said party of the second part shall not be, and it is not, bound to operate its works at night, on Sundays, or on legal holidays, nor when prevented by the weather, strikes, unavoidable shortage of water, accidents or other unavoidable causes, nor during such times as for any reason it is unable to secure tank cars for the transportation of said oil.

9th. It is also particularly understood and agreed that if, at any time, the price which can be obtained at the wells for oil produced on and from said premises shall drop to, or be forty cents, or less, per barrel of 42 gallons, then during such period or periods in which the market price of said oil shall be forty cents, or less, per barrel at the wells, party of the second part shall not be obligated to pump, drill or otherwise work or operate on said premises for oil, and it shall neither forfeit nor lose any of its rights hereunder for failure to operate during said period or periods of low price of oil.

10th. At the expiration of the time hereinabove designated, within which party of the second part is given the right to sink new wells, drive new tunnels or make new excavations hereunder, to-wit, ten years from and after May 10, 1905, or after the sooner termination of such rights, party of the second part shall cease all further prosecution of such work on said premises, excepting on and in any wells which have been completed, as hereinbefore defined, or on or in any wells or other works which at the time are in process of completion. It being particularly understood and agreed that party of the second part shall have the right to complete any well or wells, tunnels or excavations which may have been started before such expiration of the time within which it has the right to do such work hereunder and on which work is in active progress, which wells, tunnels and excavations shall be deemed to be, shall be, and shall be treated in all respects as though sunk, drilled or prosecuted to completion prior to the expiration of such time within which the party of the second part has the right to drill or sink additional wells or commence said other works hereunder. It is further understood and agreed that the party of the second part shall, at all times, either before or after the termination of its right to commence additional wells, tunnels and excavations hereunder, have the right to repair, clean, deepen, extend, or otherwise operate on and in any and all wells, tunnels or excavations which may have been completed, as defined hereunder, or which are in process of completion at the termination of such right.

11th. The party of the second part hereby covenants and agrees that in case of abandonment of any well, it shall and will use its best endeavors to shut off from the oil-bearing rock any and all water it may have encountered in drilling.

12th. It is further particularly understood and agreed that after the

termination of the right of the party of the second part to sink additional wells or commence other new work on said premises hereunder, whether said right shall terminate prior to or upon the expiration of said term of ten years, said party of the second part shall have the right to retain, deepen, extend, clean out, repair, pump and otherwise work and operate all and singular the wells, tunnels and excavations completed, as herein defined, or commenced to be sunk or made by said party of the second part prior to the expiration of its right to commence new work hereunder and on which work is in progress, and to secure, remove, have, enjoy and market all and singular the oil and said other substances therefrom, so long as said works or any thereof, shall produce oil, or any of said other substances, in quantities sufficient to pay to pump, or secure and save: and party of the first part hereby grants, confirms and extends to party of the second part, for such purposes, all and singular the rights, privileges, easements and interests heretofore described and granted to construct, erect, keep, maintain, and operate all water and sources of water supply, all roads, pipe lines, telephone lines, appliances, machinery, buildings and structures of whatever nature necessary or convenient for use in connection with the pumping or otherwise operating said wells and other works, and the developing, securing, removing and marketing such oil or other products, so long as said wells, tunnels, or excavations, or any thereof, shall produce oil, or any of said other substances, in quantities sufficient to pay to pump, or otherwise secure and save. And while the said party of the second part shall so operate any of such well or wells, the said parties of the first part shall not put down any well or otherwise operate for oil, or permit any other person, firm or corporation to so drill or operate, on said demised premises, within 600 feet of any of the wells drilled by said party of the second part. Such forfeiture or suspension of said rights shall be the only remedy reserved to said parties of the first part for breach of this agreement to drill said wells by said party of the second part.

13th. At the termination of the rights of the party of the second part hereunder, either in whole or in part, or on the final abandonment of said wells, or any thereof, drilled, or sunk hereunder, party of the second part shall have the right to remove from said premises any and all tubings, casings, rigs, pipes, machinery, telephone lines, and any and all other appliances and structures of whatever nature owned by it, or placed by it upon said premises.

14th. The following covenants herein contained by and on behalf of party of the second part are of the essence of this contract, to-wit:

First: To pay and deliver the rent and royalty in and by this contract stipulated and required to be paid parties of the first part by party of the second part, of and from the crude petroleum oil and other hydrocarbon substances produced or secured and saved from said demised premises.

Second: To pump or otherwise operate wells and other works of party of the second part on and in said demised premises diligently and in

a business-like manner, in accordance with the provision of this contract in that behalf.

And it is agreed that upon the material failure of party of the second part to keep and perform all or any one of said essential covenants, and upon the continuance of such material failure or default for a period of thirty (30) days after service of written notice given by parties of the first part to the party of the second part, particularly designating the matter or thing constituting such material failure or default, this lease and contract and all the rights, privileges, interests, easements, servitudes and hereditaments by it created and granted (excepting the rights and privileges hereinbefore contained for removal of property on the termination of this contract) shall forthwith cease and determine, and thereupon the parties of the first part may forthwith re-enter upon each and every portion of said demised premises affected hereby in possession of the party of the second part, and the same and every portion thereof have, hold and enjoy as if this instrument had never been executed.

15th. All of the provisions, covenants, agreements and stipulations herein contained, by which either one of the parties hereto is bound, shall in like manner be binding upon the successors and assigns of the party so bound; and those which are for the benefit of either of the parties shall in like manner inure to the benefit of the successors and assigns of the party so benefited.

IN WITNESS WHEREOF, said parties of the first part have hereunto set their hands and seals, and said party of the second part has hereunto caused its corporate name and its corporate seal to be affixed by its President and its Secretary, thereunto duly authorized by a resolution of its Board of Directors, the day and year first hereinabove written.

ALFRED BENTON. (Seal)

JANE BENTON, (Seal)

(Corporate Seal)

BLUE BIRD OIL COMPANY.

By PETER PRIOR, President.

By PRESTER JOHN, Secretary.

(To this lease should be attached ratification by stockholders of additional mining ground by lease, similar to like ratification shown in Form No. 19.)

FORM NO. 65—CONTRACT FOR DRILLING OIL WELLS.

THIS AGREEMENT, Made this 20th day of June, 1905, by and between M. L. Pembroke, of the City of Los Angeles, County of Los Angeles, State of California, party of the first part, and Blue Bird Oil Company, a corporation, having its principal place of business at Los Angeles, California, party of the second part,

WITNESSETH: That the said party of the first part has covenanted and agreed with the said party of the second part, its successors and assigns, and does hereby, as an independent contractor, covenant and agree to drill for said party of the second part two (2) wells, to be numbered 1 and 2, for the purpose of obtaining petroleum oil, said two wells to be lo-

cated from time to time, and in ample time, by said party of the second part, at sites to be selected by it on that certain parcel of land situate in the County of Kern, State of California, described as the Southwest Quarter (S. W. $\frac{1}{4}$) of Northwest Quarter (N. W. $\frac{1}{4}$), Section Thirty-two (32), T. 28 S., R. 28 E., M. D. B. & M.

The materials, machinery and appliances necessary for the drilling and completing of each of said two wells shall be furnished, and the work of drilling the same shall be done, in the manner hereinafter specified, to-wit:

Roads and Rig Grades: The said party of the second part shall make all necessary grades at the well sites to be selected as aforesaid, by it, and shall also make all roads leading thereto which are necessary to be made.

Rigs, Machinery and Tools: The said party of the second part shall furnish, at its own cost and expense, a complete drilling rig of good quality for each well, erected on the locations selected as above, and also the necessary wooden conductor, boiler, engine, belt, bull rope, and steam and gas connections, and all casing as hereinafter provided, which rig, as also all appliances of every kind furnished by the said party of the second part, shall be examined by the said party of the first part and when accepted by said party of the first part, said rig or appliances shall, for the purposes of this agreement, be deemed to be of good quality, and any use of the same by said party of the first part shall constitute an acceptance thereof by him. The said party of the first part shall, at his own cost and expense, keep each drilling rig in good repair while the well is being drilled, and shall put in place and connect up at the well, the boiler, engine, etc., furnished by said party of the second part. The rigs, machinery and appliances furnished by said party of the second part for the drilling of any well hereunder shall, upon the completion of such well, be returned to said party of the second part in as good condition as when received by the party of the first part, ordinary wear and tear and damage by the elements excepted.

Water and Fuel: The said party of the second part shall furnish, at its own cost and expense, all water that may be required for drilling each well hereunder, and also will furnish all crude oil which may be required for fuel; provided, however, that where the supply of water furnished hereunder shall fail or be cut off for any reason, then no claim for damage shall lie against the party of the second part, it being understood that said party of the second part shall at all times use due diligence and in good faith endeavor to provide a sufficient supply of water.

Drilling and Drilling Crews: Said party of the first part shall commence forthwith to perform the work to be done hereunder, and shall prosecute such work on each of said wells continuously and in good faith to success or abandonment, Sundays excepted; and he further agrees to have a full drilling crew of four men at work in the actual work of drilling within thirty (30) days from the date hereof. The said party of the first part shall always keep at least two full drilling crews of four men each

at work continuously until the said two wells are drilled to completion or abandonment.

Depth of Well; Price for Drilling: Each of said wells, unless sooner abandoned by direction of the party of the second part, shall be drilled to a depth of eleven hundred (1100) feet, and the consideration for said drilling and for the materials furnished, and for the labor provided incident thereto, shall be one dollar and fifty cents per linear foot for each well drilled, and no more.

It is further understood and agreed by the parties hereto that the said party of the first part will, at the option of said party of the second part, continue the drilling of either of these wells after the said well has reached a depth of 1100 feet, so long as he can make expenses, which, for the purposes of this contract, are to be considered as being thirty (30) dollars per diem for each string of tools.

Kinds and Sizes of Casing to Be Used: The sizes of casing to be furnished by the party of the second part and used by the part of the first part in the said wells, are as follows:

11 $\frac{5}{8}$ inch casing, weighing 30 lbs. per linear foot,

8 $\frac{1}{4}$ inch casing, weighing 24 lbs. per linear foot,

6 $\frac{5}{8}$ inch casing, weighing 17 lbs. per linear foot.

The said party of the first part agrees to drill the hole of each well hereunder of such size as will admit of the using, commencing with the largest size, of the greatest number of linear feet of the respective sizes of casing; it being understood that the chief purpose and use of the 11 $\frac{5}{8}$ inch casing is to shut off the surface water, and that when that is accomplished, the use of said 11 $\frac{5}{8}$ inch casing shall be abandoned.

Shutting Off Water: If water shall be encountered at any point in either of said wells while the same is being drilled, the party of the first part agrees to case off all such water before continuing to drill in said well, and whenever water has been cased off in either of said wells, as aforesaid, said party of the first part agrees to notify said party of the second part, or its agent, thereof, and to discontinue drilling in said well at least 12 hours so that said party of the second part, if it so elect, may "thief" the well for water; and if the water be found coming into the well upon such test, or if the casing, for any cause, is not tight and properly put into the well and the water is not properly shut off, the said party of the first part agrees to adjust the same to the satisfaction of the party of the second part before continuing to drill in said well.

Drilling in Oil Sand: When each of said wells shall have reached the oil-bearing sand, or other rock or material bearing oil, the party of the second part shall prescribe the methods to be followed in drilling through the sand or other oil-bearing rock, and of inserting the casing and of perforating the same.

Saving Oil: The said party of the first part also agrees to save all, or as much as possible, of any oil that may be pumped by means of the sand pump from each of said wells, and take such means, in accordance with the best usage, for obtaining and saving from each of said wells any

and all oil that may be encountered in drilling. All of said oil shall be the exclusive property of the party of the second part.

Completion of Wells: It is understood and agreed by and between the parties hereto that said party of the second part shall determine when a well which has been drilled to less depth than 1100 feet, is completed, and that upon any completion of any wells or wells hereby contracted for, said party of the first part, at his own cost and expense, shall pull all casing in said well that can be pulled, and which said party of the second part shall require to be pulled, and shall thoroughly bail and sand pump each of said wells until all drillings and sediment are removed therefrom, and until said well shall be cleaned to the satisfaction of the said party of the second part, and shall thoroughly perforate the casing, wherever it passes through the oil-bearing formation, in such manner as to allow the oil to flow freely through the casing into the well; it being understood and agreed that the party of the second part shall furnish the perforator, together with one man to supervise and direct the operation of the same, but the party of the first part shall furnish all other labor in and about perforating the casing.

Dry Holes: Said party of the first part, in the event of a well being in a dry hole, shall draw all of the casing under the direction and to the satisfaction of the superintendent of the party of the second part. If the casing cannot be drawn or pulled, the party of the first part shall cut the casing as may be directed by said party of the second part, and draw or pull so much of the casing as may be obtained by such cutting.

Time for Drilling: It is further understood and agreed that time is of the essence of this contract, and that in case said party of the first part shall fail or neglect, for a space of ten days, to continue the work of drilling on either of said wells, unavoidable delays excepted, then, in such event, such failure or neglect shall of itself work a forfeiture of the right of the party of the first part to receive payment for the number of feet already drilled by him in said well, and the said party of the second part, without any notice to, or demand upon, the party of the first part, may declare this agreement terminated, and said party of the second part shall have the right, at any time after such forfeiture, to take possession of such well, and at its pleasure to abandon the same without liability to the party of the first part for any portion of the contract price for such well. The party of the second part shall also have the right at any time after such forfeiture, if it so elect, to take possession of all appliances belonging to said party of the first part, and if it so elect, to drill said well to completion. In case it shall succeed in completing such well, the cost for such completion, without any allowance to the party of the first part for the use of the appliances belonging to him, shall be deducted from the contract price of said well, and the balance, if any, shall be paid over to said party of the first part upon demand; but if said party of the second part shall not succeed in completing said well, it shall not be liable to the party of the first part in any sum whatever, and after such completion shall return said appliances belonging to the party of the first part to him in as

good order as when received, the natural wear and tear, accidental loss and breakage, only excepted.

Discontinuing Work: The said party of the second part shall have the right and option to have the drilling of any well discontinued at any time during the progress of the work thereon by giving notice thereof to said party of the first part, and thereupon the drilling of such well shall be deemed to be completed, and said party of the first part shall forthwith stop drilling operations therein, and, at the option of said party of the second part, and as may be directed by it, shall, if the well be an oil-producing well, put same in proper condition, according to best usage, to save the oil therein; but if such well be not an oil-producing well, then said party of the first part shall draw the casing therefrom and plug said well in the manner herein provided, and as may be directed by said party of the second part.

Water Wells: In the event that either of said wells which shall be drilled to such depth as said party of the second part may determine, shall not produce oil in paying quantities, or shall contain water, and said party of the second part shall desire to have the casing all pulled therefrom and the hole plugged, then, in such event, the said party of the first part agrees to draw all casing from said hole, and to properly fill up the hole and to plug off the water therein, under the supervision of the party of the second part, so that the same shall not affect or enter into the oil-bearing formation.

Delivery of Wells: No part of the contract price herein agreed to be paid shall be paid until each of the said wells is completed to the depth of eleven hundred (1100) feet, or to such depth less than eleven hundred feet as said party of the second part may determine, and until the said well shall have been delivered to the party of the second part in thoroughly good order, as hereinabove provided, free and clear of all obstructions in the well, and of all encumbrances, liens and debts of every kind, and until evidence to that effect shall be furnished to the satisfaction of the party of the second part. The contract price for each well completed as aforesaid shall be paid on the fifteenth day of the month next following the month in which such well shall have been delivered.

Drilling Reports: The said party of the first part shall keep a full and accurate report as the work of drilling each well progresses, showing the formation encountered and passed through, the amount of casing of each size used and its condition, the points at which water and oil are found, and of all other matters necessary to a full and complete history of each well, and upon the completion thereof shall furnish full and accurate report in writing of the same to the party of the second part.

Materials to be Furnished by Driller: The party of the first part agrees to furnish at his sole cost and expense, all labor, tools, supplies and appliances of every name and nature not specifically mentioned in this contract to be furnished by the party of the second part, including all drilling and fishing tools, cables, sand-lines and all other articles needed, used or charged to said work of carrying out this contract.

Mechanics Liens: Said party of the first part furthermore agrees that no mechanics lien or liens shall be incurred, created, or filed, or recorded against said premises, or any part thereof; that no liens or any incumbrance whatever shall be created, suffered or permitted on said premises, and that said party of the first part shall save and keep harmless said party of the second part, from all liens and incumbrances, and actions and proceedings to enforce such liens and incumbrances, or any of them, and from all damages, expenses, costs, and attorney fees, which said party of the second part may incur by reason of or on account of such actions or proceedings, or any of them.

Contract Not to be Assigned: It is furthermore expressly agreed that said party of the first part shall not assign this agreement, or any of the rights herein mentioned, or sub-contract said work, without first obtaining the written consent thereto of said party of the second part, but shall keep said work under his personal supervision and control.

Heirs and Assigns Bound: Everything herein contained which in any way affects or binds either of the parties hereto shall in like manner affect and bind their, and each of their, respective heirs, executors, administrators, successors and assigns; provided, however, that this contract shall not be capable of assignment by said party of the first part except in the manner and to the extent herein specified.

IN WITNESS WHEREOF, the said party of the first part has hereunto set his hand and seal, and the party of the second part has hereunto caused its corporate name to be subscribed and its corporate seal to be affixed by its President and its Secretary. the day and year first above written.

(Corporate Seal)

M. L. PEMBROKE. (Seal)

BLUE BIRD OIL COMPANY.

By PETER PRIOR, its President.

By PRESTER JOHN, its Secretary.

FORM NO. 66—ASSIGNMENT OF LEASE.

KNOW ALL MEN BY THESE PRESENTS: That I, Benjamin Butler, of the County of Ventura, State of California, in consideration of Ten Dollars, gold coin of the United States of America, to me in hand paid by James Harbin, of the County and State aforesaid, the receipt whereof is hereby acknowledged, do, by these presents, sell, assign, transfer and set over unto said James Harbin that certain indenture of lease, bearing date the 23d day of August, A. D. 1905, made between O. C. Clark, therein described as party of the first part, to me, the said Benjamin Butler, therein described as party of the second part, thereby leasing for the term of ten years those certain premises situate in the County of Ventura, State of California, bounded and particularly described as follows, to-wit: (Description.)

Said lease being of record in the office of the County Recorder of the County of Ventura, in Book 33 of Leases, at page 260, to which said lease, and the said record thereof, reference is hereby made as a part hereof:

To Have and to Hold the same, and the premises therein described, unto the said James Harbin, his heirs and assigns, for and during all the rest, residue and remainder of the term of years yet to come in said indenture of lease mentioned; subject, nevertheless, to the reservations of rent and other covenants, conditions and provisos therein also mentioned; And I do hereby covenant and agree to and with said James Harbin, that the said assigned premises now are free and clear of and from all former and other gifts, grants, bargains, sales, leases, judgments, executions, back rents, taxes, assessments, and incumbrances, by me suffered, made or created.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 20th day of November, A. D. 1905.

BENJAMIN BUTLER. (Seal)
(Acknowledgment.)

FORM NO. 67—NOTICE TO CHANGE TERMS OF LEASE.

To Owen Cruthers, Esq.:

You are hereby notified that at the expiration of the present month of your tenancy, which will be on the fifteenth day of May, A. D. 1905, the terms of your lease of the premises you occupy, under tenancy from month to month, situate in the City of Los Angeles, County of Los Angeles, State of California, and described as follows, to-wit: All that certain store designated and known by the No. 536 Wilmington Street, will be changed as follows, to-wit:

The monthly rent thereof will be two hundred dollars in U. S. gold coin per month, payable monthly in advance, on the sixteenth day of each and every month you continue to hold possession thereof, after the expiration of the current month, instead of the sum of fifty dollars heretofore paid by you.

Dated at Los Angeles, Cal., April 15th, 1905.

JAMES BROWN, Landlord.

FORM NO. 68—NOTICE TO PAY RENT OR QUIT.

To Samuel Jessup, Tenant in Possession:

Within Three Days after the service on you of this notice, you are hereby required to Pay the rent of the premises hereinafter described, and which you now hold possession of, amounting to the sum of \$60.00, being the rent from the 1st day of May, 1905, to the 1st day of July, 1905; or you are hereby required to Deliver Up possession of the herein described premises within said three days after service on you of this notice, to John Doe, who is hereby authorized to receive possession thereof, or any Rent due and unpaid, from you, or I shall institute legal proceedings against you to recover possession of said premises, with Treble Rents.

Said premises are situated in the.....County of Ventura, State of California, and described as follows:

(Description.)

designated and known by the No. 1224 Yale Street,

Yours, etc.,

FRED'K FOSTER.

Dated, Los Angeles, Cal., 10th day of July, 1905.

FORM NO. 69—NOTICE TERMINATING TENANCY.

To Thomas Shyrocks, Tenant in Possession:

You are hereby notified that on the first day of September, A. D. 1905, your lease or tenancy for the premises you hold possession of, situate in the City and County of Los Angeles, State of California, and described as follows, to-wit:

(Description.)

will terminate and end, and you are requested and required to deliver possession thereof to Mr. Wm. Payup on said first day of September, 1905.

Yours, etc.,

CHARLES CREWEL.

Dated, Los Angeles, Cal., this 31st day of July, 1905.

FORM NO. 70—NOTICE OF LOCATION OF WATER RIGHT.

NOTICE IS HEREBY GIVEN, that the undersigned, B. F. Sturgiss, of Hollister, San Benito County, California, has duly located and does hereby claim Sixteen (16) inches, measured under a four-inch pressure, of that certain stream or streams of water rising upon, and flowing down a ravine in, the S. E. $\frac{1}{4}$ of the N. E. $\frac{1}{4}$ of Section Twenty-three (23) in Township Sixteen (16) South of Range Ten (10) East, M. D. B. & M., in San Benito County, State of California, at the place where this notice is conspicuously posted on a board nailed to a stake driven in the ground, said place being the point of intended diversion, to-wit: At a point in said stream or streams distant about 360 feet from point of rocks surrounded by chaparral, said line running a little south of east, including all springs within a strip of land one hundred (100) feet wide on each side of said southeasterly line;

That the purposes for which the undersigned claims said water are for domestic use, and for the drilling of wells, and for generating power and steam to be used in carrying on petroleum mining operations, and for other mechanical purposes;

That the undersigned intends to divert said water at the point aforesaid, and to use said water for the purposes aforesaid, on Section 34, T. 16 S. of R. 10 E., M. D. B. & M., and upon other lands to which the undersigned may desire to convey said water;

That the means by which the undersigned intends to divert said water and to convey the same to the place of intended use, are: A dam or reservoir or tank at the point of diversion, and two-inch pipes to convey said water thence to place of intended use.

Dated on the ground, this 14th day of February, A. D. 1905.

B. F. STURGISS.

Witnesses:

JOHN A. KING,

A. M. WELLMAN.

State of California, County of San Benito, ss.

John A. King and A. M. Wellman, being first duly sworn, depose and say: That on the 14th day of February, 1905, they were present

when the notice by B. F. Sturgiss of his claim to water rising upon, and flowing down a ravine in, S. E. $\frac{1}{4}$ of N. E. $\frac{1}{4}$ of Section 23, Township 16 South of Range 10 East, M. D. B. & M., in San Benito County, California, of which notice the annexed is a full, true and accurate copy, was posted by said B. F. Sturgiss in a conspicuous place at the point of intended diversion described in said notice, to-wit: At a point in said stream distant about 360 feet from point of rocks surrounded by chaparral, said line running a little south of east, and such location including all springs 100 feet on each side of said southeasterly line; and that said B. F. Sturgiss has constructed the works and the pipe-line in and by which he intends to divert said water and has conducted said water to the place of intended use.

JOHN A. KING,
B. F. STURGISS.

Subscribed and sworn to before me, this 16th day of February, A. D. 1905.

(Notarial Seal)

FRANK P. McCONNELL,
Notary Public in and for the County of San Benito, State of California.

FORM NO. 71—GENERAL POWER OF ATTORNEY.

KNOW ALL MEN BY THESE PRESENTS That I, Barney Barnato, of the City and County of San Francisco, State of California, have made, constituted and appointed, and by these presents do make, constitute and appoint Abner Anderson, of said City, County and State, my true and lawful attorney, for me and in my name, place and stead, and for my use and benefit, to bring, institute and maintain any action at law or in equity which he or my attorneys at law may deem advisable or for my interest to be brought, instituted or maintained; to ask, demand, sue for, recover, collect and receive all sums of money, debts, dues, accounts, legacies, bequests, interests, dividends, annuities and demands whatsoever as are now or shall hereafter become due, owing, payable or belonging to me; and to have, use and take all lawful ways and means in my name or otherwise for the recovery thereof, by attachments, arrests, distress, or otherwise, and to compromise and agree for the same, and acquittances or other sufficient discharges for the same for me and in my name, to make, seal and deliver; to bargain, contract, agree for, purchase, receive and take lands, tenants, hereditaments, and accept the seisin and possession of all lands and all deeds and other assurances in the law therefor, and to lease, let, demise, bargain, sell, give options and contracts of sale in respect to, remise, convey, mortgage and hypothecate lands, tenements and hereditaments, upon such terms and conditions, and under such covenants as he shall think fit. Also, either in person or by proxy, to vote on any stock bonds or other securities belonging to me, at any meeting of stockholders or of bond or certificate holders or of creditors, however convened. Also to bargain and agree for, buy, sell, mortgage, hypothecate and in any and every way and manner deal in and with goods, wares and merchandise, choses in action, and other property in possession or in action; and to make, do and

transact all and every kind of business of what nature or kind soever; and, also, for me and in my name and as my act and deed, to sign, seal, execute, deliver and acknowledge such deeds, covenants, indentures, agreements, mortgages, hypothecations, bottomries, charter parties, bills of lading, bills, bonds, notes, receipts, evidences of debt, releases and satisfaction of mortgage, judgment and other debts and proxies to vote stock or bonds, and such other instruments in writing of whatever kind or nature as may be necessary or proper in the premises.

GIVING AND GRANTING unto my said attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully to all intents and purposes as I might or could do if personally present, hereby ratifying and confirming all that my said Attorney shall lawfully do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the 29th day of April, A. D., one thousand nine hundred and five.

BARNEY BARNATO. (Seal)

(Acknowledgment.)

FORM NO. 72—REVOCATION OF POWER OF ATTORNEY.

KNOW ALL MEN BY THESE PRESENTS, That, whereas, I, Barney Barnato, of the City and County of San Francisco, State of California, in and by my letter, warrant or power of attorney, in writing, bearing date the twenty-ninth day of April, A. D. one thousand nine hundred and five, did make, constitute and appoint Abner Anderson, of said City, my true and lawful Attorney, for the purposes and with the powers therein set forth, as will more fully and at large appear by reference thereto, or to the record thereof, made on the said twenty-ninth day of April, A. D. 1905, in Book "3," of Powers of Attorney, page 48, in the office of the County Recorder of the said County of San Francisco.

Now, therefore, I, the said Barney Barnato, for divers good causes and considerations, me hereunto moving, have revoked, countermanded, annulled, and made void, and by these presents do revoke, countermand, annul, and make void the said Letter, Warrant, or Power of Attorney, and all power and authority thereby given, or intended to be given, to the said Abner Anderson.

In witness whereof, I have hereunto set my hand and seal, the twenty-second day of May, A. D. one thousand nine hundred and five.

BARNEY BARNATO. (L. S.)

(Acknowledgment.)

FORM NO. 73—POWER OF ATTORNEY TO COLLECT INSURANCE.

KNOW ALL MEN BY THESE PRESENTS, That I, Edmund Fitzgerald, of Los Angeles, County of Los Angeles, State of California, have nominated, constituted and appointed, and by these presents do nominate, constitute and appoint, Almon H. Fogg, President of the Houlton Savings

Bank, of Houlton, Aroostook County, Maine, my true and lawful attorney, for me and in my name, place and stead, to ask, demand, sue for, require, recover and receive, any sum or sums of money, due or that may become due, on any policy of insurance, return premiums or deposits, that may now or hereafter be due to me by reason of any insurance heretofore effected by me, or in my behalf, or assigned or transferred to me, or in which I may have any interest, on any property or premises owned or controlled by me, or in which I have any interest whatever either as mortgagee, lien holder, owner or tenant, or otherwise, in the County of Aroostook, State of Maine, and upon receipt thereof or any part or parts thereof, in my name to make, execute and deliver any and all receipts, releases or discharges of the same, and all other papers that may be necessary for that purpose, whether under seal or otherwise, as to my said attorney may seem meet and proper for carrying on and fully completing said business; or, in case of absence of said Almon H. Fogg, or his inability to act as my said attorney, then the powers hereby conferred upon said Almon H. Fogg shall and may be lawfully exercised by F. A. Powers, Cashier of the said above named Houlton Savings Bank, who shall be clothed with all the powers and authority heretofore, in this power of attorney, conferred upon said Almon H. Fogg: Hereby giving and granting unto my said attorney, or either of them, acting under this power of attorney, full power and authority to do and perform every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully as I could do if personally present.

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this Seventeenth day of April, One Thousand Nine Hundred and Five.

EDMUND FITZGERALD. (Seal)

FORM NO. 74—POWER OF ATTORNEY TO MAKE APPLICATION
FOR PATENT FOR MINING GROUND.

KNOW ALL MEN BY THESE PRESENTS: That we, Albert Stephens, C. M. Dent, Dennis Hoyt and Gilbert Doyle, do hereby constitute and appoint Andrew McTighe as our attorney in fact for us and in our names, to make application to the United States for the entry and purchase of certain Government Lands, in the Searchlight Mining District, Reno County, State of Nevada, known as the Gold Coin Group No. 1 mining claim and premises; and to have the same surveyed, and to take any and all steps that may be necessary to procure from the Government of the United States a patent to the said lands and premises, granting the same to us. And to do all other acts appertaining to the said survey and entry as aforesaid, as we ourselves could do by our own acts, in our own proper persons.

IN WITNESS WHEREOF, we have hereunto set our hands and affixed our seals the 21st day of July, A. D. 1905.

C. M. DENT, (Seal)
DENNIS HOYT, (Seal)
GILBERT DOYLE, (Seal)
ALBERT STEPHENS. (Seal)

(Acknowledgment.)

FORM NO. 75—POWER OF ATTORNEY TO ACQUIRE COAL LAND.

COAL LANDS.

POWER OF ATTORNEY.

KNOW ALL MEN BY THESE PRESENTS, That I, L. D. Benton, of the County of Archuleta, State of Colorado, having, under the provisions of the Revised Statutes of the United States relating to the sale of Coal Lands, made application to purchase the N. W. $\frac{1}{4}$ of the S. W. $\frac{1}{4}$ of Section 10, in Township 3 North of Range 21 West of the Principal Meridian, in the district of lands subject to sale at the Land Office at Gunnison, Colo., do hereby constitute and appoint Benjamin Butler, of Denver, Arapahoe County, Colorado, my true and lawful agent and attorney, for me in my name and stead, and for my sole use and benefit, to file the same with the Register of the said Land office, to make or procure to be made all necessary and proper affidavits and proofs, at any time required, and to file the same in said Land Office, to make payment for and entry of said land in my name, to do all and singular the acts and things requisite, lawful and proper to be done in the premises, especially to make the required non-mineral affidavit, as I am assured and believe that he is well acquainted with the character of each and every subdivision of said described land; and to procure for me from the United States the receipt and patent for said lands; as fully and completely as I might or could do, with full power to substitute one or more agents or attorneys for the purposes aforesaid, and to revoke any such appointment; hereby ratifying and confirming all that my said agent and attorney or his substitute may lawfully do in the premises.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 30th day of January, 1905.

L. D. BENTON.

Signed in presence of

F. S. BELLAH.

State of Colorado, County of Archuleta, ss.

On the 30th day of January, A. D. 1905, at my office at Pagosa Springs, before me, W. C. Gould, a Notary Public, in and for the County and State aforesaid, personally appeared L. D. Benton, known to me to be the same person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

My Commission expires October 1, A. D. 1906.

(Notarial Seal)

W. C. GOULD,
Notary Public.

FORM NO. 76—TORRENS LAND ACT—NOTICE OF FILING PETITION.

In the Superior Court of the County of....., State of California.
No..... Department No.....

In the Matter of the Application of.....to have

land brought under the operation of "An Act for the certification of Land Titles," etc., approved March 17th, 1897.

To.....and to Whom it May Concern:

Notice is hereby given that on the.....day of.....189..., a verified petition to the above-named Court was filed with the County Clerk of said County by....., the owner of an estate or interest in and to the land hereinafter described, for the purpose of bringing said land under the operation of an Act entitled "An Act for the certification of land titles and the simplification of the transfer of real estate," approved March 17, 1897, and that a hearing upon said application has been fixed by the said Court for the.....day of.....189..., at the hour of.....o'clock....M., at the court room of Departmentof said Superior Court in the City of.....County of....., State of California, at which time and place all parties interested as shown by said petition, and the abstract of title accompanying said petition, may appear and object to the granting of the application.

And you are further notified that you are required to appear and answer said petition within ten days from the date of the service of this notice upon you, if served within this County, and within thirty days from date of such service, if served elsewhere; and upon your failure to so appear and answer, your default will be entered in said proceeding and judgment entered against you as prayed for in said petition. The property hereinbefore referred to is described as follows, to-wit:

(Description.)

WITNESS my hand and the seal of said Superior Court this.....day of.....189...

.....

Clerk.

By

Deputy Clerk.

FORM NO. 77—TORRENS LAND ACT—CERTIFICATE OF TITLE.
No.....

CERTIFICATE OF TITLE.

Entered in Vol.....of Register of Titles, Folium No.....in the office of the Registrar in and for the County of.....State of California.

State of California, County of....., ss.

.....residing in..... at No.....Street, State of California, whose occupation is that.....Married.....the owner.....of an estate.....in the following described land:

(Description.)

Subject, however, to the estates, easements, liens, incumbrances and charges hereunder noted.

IN WITNESS WHEREOF, I have hereunto set my hand and caused my

official seal to be affixed this.....day of....., 189..., at.....
o'clock and..... minutes....M,...

.....
Registrar of Titles in and for the.....
County of.....State of California.

MEMORIAL

*NOTE: If person to whom issued is minor, state age; if under any other disability, the nature of the disability; if executor or administrator, give name of testator or inestate; if assignee in insolvency, give name of insolvent.

FORM NO. 78—LOCATION NOTICE—LODE OR QUARTZ CLAIMS, LOCATION NOTICE.

NOTICE IS HEREBY GIVEN, that the undersigned, in compliance with the requirements of the Revised Statutes of the United States, have this day located and claim 1500 linear feet along the course of this lead, lode or vein of mineral-bearing quartz, and 600 feet in width on each side of the middle of said lead, lode or vein, together with all mineral deposits contained therein, and all the timber growing within the limits of said claim, and all water and water privileges thereon or appurtenant thereto, situate in the No Name Mining District, County of Los Angeles, State of California, and more particularly described, and the surface boundaries thereof marked upon the ground, as follows, to-wit:

Beginning at this monument of stone, same being at the discovery shaft (at which this notice is posted), being in the center of the westerly end line of said claim; thence northerly 300 feet to a monument of stone, same being the northwest corner of said claim; thence easterly 1500 feet to a monument of stone, same being the northeast corner of said claim; thence southerly 600 feet to a monument of stone, same being the southeast corner of said claim; thence westerly 1500 feet to a monument of stone, same being the southwest corner of said claim; thence northerly 300 feet to the place of beginning.

The general course of the vein or lode is easterly and westerly, and at right angles therewith, and along either side of said vein, making parallel end lines 300 linear feet from the center of said quartz lode, vein, ledge or deposit, and along same, including all its dips, variations, spurs, angles and veins.

This claim shall be known as the North Tunnel Quartz Mine, and is situate at the head of Penn Gulch, in the Big Dalton Cañon, and is the northeast extension of the South Tunnel Mine.

Located this 15th day of February, 1905.

The date of discovery and of the posting of this notice is February 15th, 1905.

FRANK SMITH,)
ALEX. BROWN,) Locators.
JAMES ROBINSON,)

FORM NO. 79—LOCATION NOTICE OF PLACER CLAIM.
LOCATION NOTICE.

NOTICE IS HEREBY GIVEN, that the undersigned, in compliance with the requirements of the Revised Statutes of the United States, have this day located the following described petroleum placer mining ground, viz.:

Commencing at the southeast corner of the Deer Lick Claim, the same being the northeast corner of the claim hereby located, and being witnessed by a post, two inches square, painted white, set two feet in the ground, and protruding six feet above the ground, and to which this notice is attached; thence, running in a westerly direction, along the southerly boundary of said Deer Lick Claim, eighty (80) rods, more or less, to a mound of rocks two feet high and being the northwest corner of the claim hereby located; thence southerly forty (40) rods, more or less, to a stake, two inches square, painted white, and set in the ground, and being the southwest corner of the claim hereby located; thence easterly eighty (80) rods, more or less, to a mound of rocks, two feet high, set in the bank of a dry arroyo, and being the southeast corner of the claim hereby located; thence northerly forty (40) rods, more or less, to the point of beginning, and containing 160 acres, more or less, the same being situate in Sespe Petroleum Mining District, County of Ventura, State of California.

This claim shall be known as the Oil Spouter Placer Mining Claim.

Located the 21st day of March, 1905.

John Brown, Dennis Fogarty, Peter Smith, Allen Jones, Dick Robinson, Albert Davis, Eben Edmunds, Abram Cohn, Locators.

FORM NO. 80—AFFIDAVIT AS TO ANNUAL ASSESSMENT WORK.

Affidavit as to Assessment Work on the Oil Spouter Oil Claim in the year 1906.

State of California, County of Ventura, ss.

John Brown, being duly sworn, deposes and says:

That the Oil Spouter Oil Claim, situate in the Sespe Petroleum Mining District, County of Ventura, State of California, was located March 21st, 1905, by Dennis Fogarty, Peter Smith, Allen Jones, Dick Robinson, Albert Davis, Eben Edmunds, Abram Cohn, and said John Brown, and the location notice thereof was recorded March 23rd, 1905, in Book 4, page 234, of Mining Claims, in the office of the County Recorder of said County of Ventura;

That said locators and owners caused labor and improvements to be made on said Claim in the year 1906 to the value of at least One Hundred Dollars; that such labor and improvements consisted of the making of a road on said claim and the grading of a site for an oil well derrick thereon, and such expenditure was made by said owners for the purpose of holding said claim.

JOHN BROWN.

Subscribed and sworn to before me, this 10th day of December, A. D. 1906.

RICHARD ROE,

Notary Public in and for the County of Ventura, State of California.

FORM NO. 80½—AFFIDAVIT AND NOTICE OF FAILURE TO CONTRIBUTE.

State of California, County of Ventura, ss.

David Houston, being first duly sworn, deposes and says:

That that certain petroleum mining claim known as and called "Sulphur Spur Oil Claim," containing eighty acres, more or less, was located by Oliver Olsen, Neil McTighe, R. L. McCordell and the said David Houston, on the 3d day of April, 1902, the lands covered by said claim being described as follows, to-wit: The North ½ of the Northeast ¼ of Section 19, Township 16 South, Range 11 East, in the County of Ventura, State of California, and that the notice of location thereof was recorded April 4, 1902, in the office of the County Recorder of said County of Ventura, in Vol. 3 of Miscellaneous Records, at page 76;

That this affiant, in the year 1903, caused labor to be performed and improvements to be made on said claim of the value of at least One hundred dollars (\$100);

That thereafter this affiant served upon each of said persons, to-wit, R. L. McCordell, Oliver Olsen and Neil McTighe, a notice in writing, in the form and to the effect of the copy of notice hereunto annexed and made a part hereof, and that he served said notice on said persons on July 1st, 1904;

That more than ninety days have expired since the service of said notice upon the said R. L. McCordell, Oliver Olsen and Neil McTighe, and that each of them refused, and during said period of ninety days each of them has continued to refuse, to contribute to said affiant his respective proportionate share of said expenditure, or any part thereof.

WHEREFORE, this affiant, David Houston, claims that by virtue of the premises, and of Section 2324 of the Revised Statutes of the United States, he became the owner of the interests of said R. L. McCordell, Oliver Olsen and Neil McTighe, of, in and to said Sulphur Spur Oil Claim.

Dated at Ventura, California, November 10, 1904.

DAVID HOUSTON. (Seal)

Subscribed and sworn to before me, this 10th day of November, A. D. 1904.

(Notarial Seal)

J. B. WILLIAMS,

Notary Public in and for the County of Ventura, State of California.
(Copy of Notice.)

VENTURA, CALIFORNIA, July 1st, 1904.

To R. L. McCordell, Oliver Olsen and Neil McTighe:

You are hereby notified that, Whereas, on the 4th day of April, 1902, yourselves, in company with David Houston, located under the laws of the United States, and local customs laws and regulations, 80 acres of placer mining ground containing petroleum, situated in Ventura County, State of California, and particularly described as the North ½ of the Northeast ¼ of Section Nineteen, Township Sixteen, South of Range Eleven, East M. D. B. & M., and designated said claim as Sulphur Spur Oil Claim, and on the 4th day of April, 1902, caused the notice of said

location to be filed and recorded in the office of the County Recorder of said County of Ventura, in Vol. 3 of Miscellaneous Records, at page 67; and,

Whereas, in order to hold, work and secure patent to said mining claim, it was necessary that not less than \$100.00 in labor and improvements should be expended on said claim in the improvement and development thereof for and during the year 1903, and a failure to make such expenditure would cause said claim to be open to re-location in the same manner as if no location had ever been made; and,

Whereas, said David Houston, in the month of December, 1903, caused labor to be performed and improvements to be made on said claim, to the value of \$100.00, for the year 1903, as will appear by the affidavit of such assessment work filed in the office of the County Recorder of said County of Ventura, and recorded therein on January 3d, 1904, in Vol. 3, Miscellaneous Records, at page 198:

Now, therefore, you, and each of you, are hereby notified to contribute your proportionate share of such expenditures, to-wit, each of you the sum of \$25.00, and unless you each pay to the undersigned the sum of Twenty-five Dollars within Ninety (90) days from the receipt of this notice, the interest and right of such of you as shall fail or refuse to contribute your proportionate share of such expenditures, within the time specified as aforesaid, shall be forfeited and become the property of the co-owners as shall have made the required expenditures and contribution in accordance with the provisions of Section 2324 of the Revised Statutes of the United States.

DAVID HOUSTON. (Seal)

FORM NO. 81—PETITION TO CITY COUNCIL FOR PIPE LINE
RIGHT OF WAY.

LOS ANGELES, CAL., March 1, 1904.

To the City Council of the City of Los Angeles, State of California:

GENTLEMEN:—Your petitioner, the Starlight Refining Company, a corporation, respectfully represents:

That your petitioner at present owns and operates an oil pipe-line in the City of Los Angeles, and, in order the better to accommodate its customers, desires the privilege and license of laying, operating and maintaining an oil pipe-line not more than six inches in diameter along the following streets in the City of Los Angeles, namely: Beginning, etc.

Your petitioner therefore prays that your Honorable Body grant your petitioner a permit to lay, operate and maintain a pipe-line, not more than six inches in diameter, along the streets hereinabove designated, said pipe-line to be so laid and operated as to cause no obstruction or detriment to the full and proper use of said streets by the public

And your petitioner will ever pray.

(Corporate Seal)

STARLIGHT REFINING COMPANY.

By L. D. NIDIVER, Secretary.

FORM NO. 82—PETITION TO ESTABLISH COUNTY ROAD, WITH ACCOMPANYING BOND.

To the Honorable Board of Supervisors of the County of Ventura, State of California:

GENTLEMEN:—We, the undersigned, freeholders of.....Road District, in the County of Ventura, State of California, taxable in said district for road purposes, respectfully petition your Honorable Body to lay out and establish a public highway in said.....Road District, County of Ventura, State of California, as hereinafter described; that said proposed road is situate in.....Road District, County of Ventura, State of California, and the general route of said road is as follows, viz:

(Description.)

And said proposed road runs over and across lands belonging to.....

Wherefore, your petitioners pray your Honorable Body to lay out and establish said proposed road as heretofore described.

And your petitioners will ever pray.

(Signatures.)

KNOW ALL MEN BY THESE PRESENTS: That we..... residents and freeholders of Ventura County, State of California, are held and firmly bound unto the Board of Supervisors of said county in the sum of.....dollars, gold coin, for the payment of which sum, well and truly to be made, we bind ourselves, our heirs, executors and administrators, jointly and severally, firmly by these presents. Sealed with our seals, and dated this.....day of.....A. D. 189...

THE CONDITION of this obligation is such that, whereas..... have filed or are about to file with the Clerk of the Board of Supervisors of Ventura County a petition praying the Honorable Board of Supervisors of Ventura County, to lay out and establish a public road, as in said petition described and particularly set forth, and which is hereby made a part hereof.

Now, THEREFORE, if the prayer of said petition is not granted by said Board of Supervisors of said County, we will pay all costs of viewing and surveying said road; but on the other hand, if the prayer of said petition is granted by said Board of Supervisors, then this obligation is to be void and of no effect, otherwise to be and remain in full force and effect.

.....(Seal)

.....(Seal)

(Justification of Sureties.)

(For Deed to County, See Form No. 17.)

FORM NO. 83—PARTY WALL AGREEMENT.

PARTY WALL AGREEMENT.

THIS AGREEMENT, made this 10th day of April, 1905, by and between Hiram White, hereinafter described as the party of the first part, and William Willard, hereinafter described as the party of the second part,

both of the City of Los Angeles, County of Los Angeles, State of California,

WITNESSETH: Whereas, said party of the first part is the owner of that certain real property situate in the City of Los Angeles, County of Los Angeles, State of California, described as follows, to-wit: Lot One (1), Block One (1), of the Hobbs Tract, as per map of said tract recorded in the office of the County Recorder of the County of Los Angeles, in Book 3, of Miscellaneous Records, at page 325, said lot fronting on the westerly side of Spring Street, in said City: and,

WHEREAS, said party of the second part is the owner of Lot Two (2) in said Hobbs Tract, said Lot Number Two (2) fronting on the westerly side of Spring Street, in said city, and lying contiguous to said Lot Number One (1), on the northerly side thereof; and,

WHEREAS, said dividing line between the lots aforesaid is one hundred and sixty-six (166) feet in length; and,

WHEREAS, pursuant to a memorandum of agreement heretofore executed by and between the parties hereto, to-wit, on the 27th day of November, 1897, and recorded in the office of the County Recorder of Los Angeles County, in Book 676 of Deeds, at Page 67, a party wall has been constructed and is now in use between the parties hereto, said party wall extending westerly from the westerly building line of Spring Street, for a distance of ninety (90) feet on said dividing line, and it is not the intention of this instrument to change or alter the rights of the parties hereto conferred upon them by said memorandum of agreement, except as hereinafter modified, a copy of said memorandum of agreement being hereto annexed, marked "A" and made a part hereof; and,

WHEREAS, said parties desire to agree as to the continuation of a party wall along the boundary line between their said respective lots as aforesaid;

Now, **THEREFORE,** in consideration of the mutual advantages to each of the respective parties hereto and to their respective lots as aforesaid, the parties hereto hereby mutually covenant and agree, each with the other, as follows, to-wit:

First: Said party of the first part may erect a party wall along that portion of said dividing line, commencing at a point about ninety (90) feet westerly from the westerly building line of Spring Street and extending from said point of commencement westerly along said dividing line sixty-five feet, more or less, to a point 155 feet from said westerly building line of Spring Street, said wall to be of corresponding thickness with the wall already constructed, as mentioned in said memorandum of agreement, upon the ninety (90) feet therein mentioned. The said sixty-five (65) feet of additional wall shall be erected of the height hereinafter mentioned, to-wit: the first thirty-five (35) feet shall be from 20 to 22 feet in height and the rear thirty (30) feet thereof shall be of such height as the party of the first part may desire, not exceeding eight (8) stories of average height.

Second: The party wall to be erected under the terms of this agree-

ment shall be constructed so that one-half ($\frac{1}{2}$) the width or thickness thereof shall be situated upon said property of said party of the first part, and one-half ($\frac{1}{2}$) the width or thickness thereof shall be situated upon said property of said party of the second part, to-wit, one-half ($\frac{1}{2}$) of said party wall shall be situated upon each side of said dividing line. It is hereby agreed that the northerly half of said party wall, to-wit, that portion thereof which shall be situated upon the property of said party of the second part, and being the portion on the northerly side of said dividing line, shall be the property of said party of the second part; and that the southerly one-half ($\frac{1}{2}$) of said party wall, to-wit, that portion thereof which shall be situated upon the property of said party of the first part, and being that portion on the southerly side of said dividing line, shall be the property of said party of the first part; but that said wall shall be a party wall for the mutual benefit of the respective parties hereto, and their successors in ownership of their respective lots, their executors, administrators, heirs and assigns, forever.

Third: The said memorandum of agreement between the parties hereto relating to the construction of the aforesaid ninety (90) feet of said party wall, is hereby modified, as follows, to-wit: That portion of said 90 feet of said party wall commencing at the westerly building line of Spring Street and extending westerly a distance of thirty (30) feet, may be increased in height by said party of the first part to such height as he may desire, not exceeding eight stories of average height.

Fourth: It is further agreed that said party of the first part, in constructing his building above the first story thereof, shall set back the northerly wall thereof a distance of five (5) feet in the clear from the said party wall between the following points, to-wit: commencing at a point 90 feet from the westerly building line of Spring Street and running back westerly a distance of 35 feet; and said party of the second part, in constructing his building on the northerly side of said party wall, shall set back his southerly wall a distance of two (2) feet in the clear from the said party wall between the same points, so as to leave a light well between said points of at least seven (7) feet in width above the first story.

Fifth: That portion of said party wall already constructed, extending from the point 30 feet from the westerly building line of Spring Street to a point distant 90 feet from said westerly building line of said Spring Street, shall not be extended above three stories in height; and it is agreed that said party of the first part, in constructing his building above the first story thereof, shall set back the northerly wall thereof between the points last aforesaid, a distance of five (5) feet in the clear from said party wall. And in case said party of the second part should at any time increase the height of his building on the northerly side of said party wall above three stories, he shall set back the southerly wall thereof between the points last aforesaid above the third story, a distance of two (2) feet in the clear from said party wall, so as to leave a light well between said points of at least seven (7) feet in width above the third story.

Sixth: The spaces mentioned in the last two clauses of this agreement, as to be left for a light well, shall forever be maintained and kept by the parties hereto free from any buildings or obstructions.

Seventh: It is hereby agreed that neither the said party of the second part, nor his successors, executors, administrators, heirs or assigns, shall be entitled to use said party wall, to be constructed by the party of the first part, as herein mentioned, until said party of the second part, or his said executors, administrators, heirs or assigns, shall first pay to said party of the first part, his successors, executors, administrators, heirs or assigns, one-half ($\frac{1}{2}$) of such amount as would be the reasonable cost of constructing said wall at the time at which such use shall be commenced. It is agreed that the party of the first part shall, in the first instance, pay the entire cost of constructing said party wall so to be constructed by him, as herein mentioned, and that said party of the second part, his successors, executors, administrators, heirs or assigns, shall not be required to pay any portion of the cost of such construction until such time as said party of the second part, his successors, executors, administrators, heirs or assigns desire to make use of said wall; and that said party of the second part, his successors, executors, administrators, heirs or assigns, shall, before using said wall, pay to said party of the first part, his successors, executors, administrators, heirs or assigns, one-half ($\frac{1}{2}$) of such sum as would constitute the reasonable cost of the construction of said wall at the time at which such use shall begin.

Eighth: It is agreed that all extensions and constructions hereunder shall be made of first-class materials, and in compliance with the ordinances of the City of Los Angeles in force at the time of such extensions or constructions.

Ninth: It is understood and agreed that all of the covenants hereof are made as and for covenants running with the lands of the respective parties hereto, hereinbefore described, and shall bind the parties hereto and their respective successors in the ownership of said respective lots, and their respective executors, administrators, heirs or assigns.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

HIRAM WHITE. (Seal)

WILLIAM WILLARD. (Seal)

(Acknowledgment.)

(Copy of Agreement "A.")

FORM NO. 84—PIPE LINE RIGHT OF WAY.

THIS INSTRUMENT WITNESSETH: That Ventura Improvement Company, a corporation, organized and existing under the laws of the State of California, and having its principal place of business at the Town of Ventura, State of California, in consideration of Ten Dollars, the receipt whereof is hereby acknowledged, hereby grants to Blue Bird Oil Company, a corporation, having its principal place of business at Santa Paula, Ventura County, California, and to its successors and assigns, the right, privilege and easement to lay, build, operate and maintain a pipe-line for

the conveying of petroleum oil, water and other liquid substances, in, upon, over and across that certain tract of land, situate in the County of Ventura, State of California, and particularly described as follows:

(Description.)

Said pipe line to extend across said premises at, and to be laid as nearly as possible to, the fence running along the northern boundary line of the right of way of the Southern Pacific Company, for a distance of about eighty (80) chains, more or less; said grant being subject, nevertheless, to the following covenants and conditions, on the part of said Blue Bird Company, its successors and assigns, to be kept and performed, namely:

First: That said Blue Bird Oil Company shall, at its own cost and expense, lay, operate and maintain said pipe line, and that all of said pipe line shall be buried not less than eighteen inches below the surface of the ground;

Second: That said Blue Bird Oil Company shall be responsible for, and shall pay to the parties entitled thereto, any damage that may be caused or result from the laying and operating of said pipe-line or by leakage thereof; said Ventura Improvement Company reserving to itself the right to be the sole judge as to any damage that may occur by reason of the location of said line of pipe on its premises and the manner of maintaining it; provided, however, that the damage so estimated shall always be reasonable and just and commensurate to the injury suffered;

Third: That said Blue Bird Oil Company, its successors or assigns, may, at any time, remove said pipe-line from said premises, and upon such removal, shall fill up the trench wherein said pipe-line lay, and leave the surface of the ground in good condition; provided, however, that if, after any such removal, said Blue Bird Oil Company, its successors or assigns, shall not make use of the right of way herein granted for the space of six successive months, the rights hereby granted shall be forfeited and cease;

Fourth: That the exercising, by the Blue Bird Oil Company, of the rights hereby granted, shall be conclusive proof of the entering into of the covenants herein contained on its part to be kept and performed equally as though these presents were signed and sealed by said Blue Bird Oil Company.

IN WITNESS WHEREOF, said Ventura Improvement Company has hereunto caused its corporate name and seal to be affixed by its President and its Secretary, this ninth (9th) day of September, A. D. 1905.

(Corporate Seal)

VENTURA IMPROVEMENT COMPANY.

By its President DWIGHT HILLIS.

By its Secretary ABNER ANDREWS.

(Corporate Acknowledgment.)

FORM NO. 85—OLOGRAPHIC WILL UNDER CALIFORNIA LAW.

LAST WILL AND TESTAMENT OF DOUGLASS JERROLD.

I, Douglass Jerrold, do make, publish and declare this to be my last will and testament.

I give, devise and bequeath to my beloved wife, Mary Jane Jerrold, all of my property, real, personal and mixed, of which I shall be possessed, and to which I shall be entitled, at the time of my death.

I hereby appoint my beloved wife, Mary Jane Jerrold, the sole executrix of this my last will and testament, and do request that as such executrix she be exempt from giving bond.

IN WITNESS WHEREOF, I have written, dated and signed this will entirely in my own handwriting, this first day of December, A. D. 1905.

DOUGLASS JERROLD. (Seal)

FORM NO. 86—WRITTEN AND WITNESSED WILL.

LAST WILL AND TESTAMENT OF.....

I,of....., in the County of.....and State of....., being of sound mind and memory, do make, publish, and declare this to be my last will and testament, hereby revoking all former wills by me at any time made.

My will is, that all my just debts and funeral expenses shall, by my executors hereinafter named, be paid out of my estate, as soon after my decease as shall by them be found convenient.

I give, devise, and bequeath to my beloved wife,....., all my household furniture, and also.....dollars in money, to be paid to her by my executors, hereinafter named, within.....months after my decease; to have and to hold the same to her and her executors, administrators, and assigns forever. I also give to her the use and income of my dwelling house, land, and its appurtenances, situated in.....(describing the same), to have and to hold the same to her for and during the term of her natural life.

I give, devise, and bequeath to my son,, the reversion or remainder of my dwelling house and its appurtenances, situate in.....aforesaid (describing it), and all profits, income, and advantage that may result therefrom, from and after the decease of my beloved wife,; to have and to hold the same to him, the said....., his heirs and assigns, from and after the decease of my said wife, to his and their use and behoof forever.

All the rest and residue of my estate, real, personal, and mixed, of which I shall die seized and possessed, or to which I shall be entitled at my decease, I give, devise, and bequeath, to my sons.....and.....to be equally divided between them, share and share alike.

And, lastly, I do nominate and appoint my said sons.....and.....to be the executors of this my last will and testament.

IN WITNESS WHEREOF, I, the said....., have to this, my last will and testament, consisting of.....sheets of paper, subscribed my

name and affixed my seal this.....day of....., in the year of our
 Lord one thousand nine hundred and.....

.....(Seal)

Signed and sealed in our presence by the testator, and acknowledged
 by him to each of us, and he at the same time declared the foregoing
 instrument, so signed, to be his last will and testament, and thereupon
 we, at the request of the testator, and in his presence, and in the presence
 of each other, signed our names as witnesses thereto, together with our
 places of residence.

(Signatures of Witnesses.)

.....residing atStreet.
residing atStreet.

CHAPTER X.

SUBDIVISIONS.

Sales of Subdivisions are Remunerative Transactions—Outlines of the Several Methods of Handling Tracts—Making, Filing, Accepting, Endorsing and Recording Map—Gain on Lots in New Subdivisions Generally Small.

Sec. 134. Buying acreage property within a city, or contiguous to or adjacent to the city limits, and subdividing and selling the same as lots, is one of the most remunerative of real estate transactions. This is done in one of three or more ways, to wit: (a) by buying the acreage outright, and then subdividing and improving it, which requires the investment of considerable capital at the outset; (b) by paying a portion of the purchase price in cash, and having the property conveyed in trust to a trustee—preferably a title company—and applying a portion of the purchase price of each lot, as sold, to the extinguishment of the debt on the property as indicated in Form No. 88: or (c) by being appointed exclusive agent for the subdivision and sale of the property, as indicated in Form No. 87. Both of the above mentioned forms are largely self-explanatory. Subdivisions are also handled exclusively by an agent on a commission basis, the commission being large enough to enable other agents to participate therein.

Sec. 135. Lots in subdivisions are sold in two ways, namely: (a) by a contract of sale, whereby the purchaser makes a part payment in cash, and agrees to pay the remainder at certain specified times, together with interest and taxes, he to receive a deed upon full compliance with the terms of the contract; or (b) by the purchaser paying a portion in cash, and receiving a deed to the premises, and thereupon giving to the seller a note or notes, secured by a mortgage on the lots, for the unpaid portion of the purchase price.

Sec. 136. The person subdividing is required to have a map made of the premises, showing the lots and streets, with dimensions and distances, and such map must be filed with, and accepted and endorsed by, some designated city or county official or officials, such as the city engineer, or County Board of Supervisors. No map will be considered, accepted or endorsed, unless the lines of the streets and highways shown

thereon are a continuation of the lines of streets and highways of adjacent subdivisions, and the connections of such lines must be plainly shown on the face of the map. The areas of lots as shown on the map must not include any portion used or offered for dedication to the public as streets or highways, and all distances and courses along the side lines, and across highways must be plainly written on the face of the map. Where these or similar rules have not been observed in times past, there are, in the streets and highways, jogs, set-offs and cul-de-sacs, annoying and bewildering alike to citizens and strangers. The map, after being accepted and endorsed, is filed for record in the office of the County Recorder.

Sec. 137. The grades, curbs and sidewalks of streets within the limits of a city must be made in accordance with plans, profiles and cross-sections prepared by the city engineer. In Los Angeles, curbs are to be constructed of cement concrete. Curbs are to be six inches wide on top, twelve inches wide on the bottom and eighteen inches deep. Sidewalks are to be three and one-half inches thick. No more than one street can be closed at one time while street work is in progress.

Sec. 138. From the standpoint of the investor, the buying of a lot in a comparatively close-in subdivision, where building restrictions are reasonable, for the purpose of erecting a residence thereon, is proper, provided the tract is being generally improved by similar residences, and the investor prefers to live amid semi-suburban surroundings. There are discomforts incident to residing in new tracts which do not attach to the older residence portions of a city.

Sec. 139. If the investor buys in a new tract by way of speculation, and makes a small cash payment, with the expectation of selling at an advance before the next payment becomes due, he is apt to be disappointed, as there are usually too many such lots, and a number of other persons may be pursuing precisely the same plan, and consequently, there are likely to be more sellers than buyers. Surrounding "boom" towns, there is acreage which has been sold as town lots and has again reverted to acreage; and it not infrequently happens, within the limits of a city, that one may buy lots in a tract, a few years after the tract has been placed on the market, cheaper than when such lots were first offered. The possible immediate gain on lots in new subdivisions is generally small.

FORM NO. 87—CONTRACT APPOINTING AGENTS TO SUB-DIVIDE AND SELL PROPERTY.

THIS AGREEMENT, made and entered into, in duplicate, this Tenth day of March, Nineteen Hundred and Five, by and between S. A. Belcher and Sarah Belcher, his wife, of the City of Los Angeles, County of Los Angeles, State of California, the parties of the first part, and James R. Black and George L. White, of the County and State aforesaid, the parties of the second part,

WITNESSETH: That for and in consideration of the covenants and agreements hereinafter set forth, and the reservation of one inside lot on Thirty-ninth street in the lands hereinafter mentioned, the said parties of the first part have appointed and do hereby appoint the said James R. Black and George L. White the sole and exclusive agents of said parties of the first part to subdivide and sell in subdivisions, in accordance with their judgment, provided that in the exercise of their judgment they shall act for the best interests of all parties concerned, the following described property, to-wit:

The East One-half ($\frac{1}{2}$) of the Southwest One-quarter ($\frac{1}{4}$) of Section One (1) in Township Two (2) South of Range Fourteen (14) West, San Bernardino Meridian, in the City of Los Angeles, State of California.

It is agreed between the parties hereto that said land shall be sold for such price or prices as shall net the parties of the first part the sum of Eleven Thousand Dollars (\$11,000), lawful money of the United States of America, without interest, except as hereinafter set forth and independent of the lot reserved to said parties of the first part as hereinabove mentioned.

It is further agreed by and between the parties hereto that the sale of all subdivisions shall be made upon the following terms and conditions, to-wit: At least one-third cash in lawful money of the United States as aforesaid, One-third on or before one year from the date of sale, and the remaining one-third on or before two years from date of sale.

It is further agreed between the parties hereto that all deeds conveying subdivisions of the above described property shall be in the form of a grant bargain and sale, or in form prescribed by the Civil Code of the State of California, and that each such sale shall be made subject to the following conditions, and the said deeds to be made pursuant to this contract shall contain the following clauses, namely:

"Provided, however, that this conveyance is made and accepted upon each of the following conditions which shall apply to and be binding upon the grantee,.....heirs, devisees, executors, administrators and assigns, namely: That said premises shall be used for residence purposes only; that no residence shall be erected, placed or permitted on said premises that shall cost or be fairly worth less than one thousand dollars (\$1,000); that said residence and all portions and projections thereof shall be located not less than.....feet from the front line and.....feet from the side lines of said premises and shall face the front line of said premises, namely, on.....; that no barn, no store building,

shop or place for the sale of merchandise of any description shall be erected, placed or permitted on said premises.

"Provided, further, the party of the second part.....heirs and assigns, shall not convey, lease, or rent said premises or any part thereof to any person of African descent.

"Provided, that upon the breach of any of the foregoing conditions the said premises shall revert to the said grantor....., successors or assigns, each of whom shall have the right of immediate re-entry upon said premises."

And that such deeds are to be delivered to the purchaser upon the receipt of the first payment, and of promissory notes and mortgages evidencing and securing the second and third payments; that all notes shall be payable to the parties of the first part, and that the parties of the first part shall have the notes secured by a first mortgage on the property sold and to which said mortgages relate, and that such mortgages shall be in the form in use by the Title Insurance and Trust Company, or the Title Guarantee and Trust Company, both of the said City of Los Angeles; that said notes shall bear interest at the rate of nine (9) per cent per annum, payable semi-annually, and that the parties of the first part shall execute and deliver to the purchaser a tax agreement, in the form in use by the Trust Companies aforesaid, providing in effect that if the purchaser shall pay all taxes upon the lands so purchased by him, the parties of the first part shall account for all interest upon said promissory notes in excess of six (6) per cent. per annum.

It is further agreed between the parties hereto that upon the making of each and every sale, and prior to the execution of any deed therefor, the said parties of the second part shall render to and for the information of said parties of the first part, a statement in writing of the transaction, showing in detail the property sold, the price to be paid therefor, and the amount of cash received and the amounts and terms of the deferred payments; and that 70% of the cash received on all sales shall be given to said parties of the first part immediately after the consummation of the sale and the remaining 30% shall be retained by the parties of the second part for their own use and benefit.

It is further agreed between the parties hereto that the parties of the second part shall keep all their transactions relating to the property hereinabove described, and their accounts with the parties of the first part, in a book separate from all transactions of the parties of the second part in relation to other business matters, and that such book shall at all times be open to the inspection of said parties of the first part, their agents and attorneys.

It is further agreed between the parties hereto that said parties of the first part shall pay for bringing down to date an unlimited certificate of title in respect to said premises, such certificate to be issued by the Title Insurance and Trust Company of Los Angeles at the request of said parties of the second part, and that the said parties of the second part shall pay for each separate certificate of title, or policy of title insurance,

as the lots are sold, such certificates or policies of title insurance to be delivered to the parties of the first part with the promissory notes and mortgages aforesaid.

It is further agreed between the parties hereto that the parties of the second part shall at once and as continuously as practicable and without delay, survey and subdivide all of the land herein mentioned, and lay out at least one street, and grade, sidewalk and curb the same, and furnish therefor all necessary labor and materials at their own cost and expense and pay for all work and materials done and provided upon and for the above described premises; provided, nevertheless, that every lot shall front on a street that has been graded, sidewalked and curbed.

It is further agreed between the parties hereto that all mortgages given as aforesaid to said parties of the first part shall be recorded without delay in the office of the County Recorder of the County of Los Angeles, in the proper records in said office, at the cost and expense of said parties of the second part, and that the said parties of the second part shall pay to all outside real estate dealers or brokers for sales made by them of lots in the premises above described, a commission at the rate of five (5) per cent. on the first \$1,000, and 2½% on amounts in excess thereof, and shall also pay all taxes and assessments which may be levied on said premises during the term of this agreement for State, County and municipal purposes, excepting for the present fiscal year 1904-5, which last named taxes the said parties of the first part agree to pay.

It is further agreed between the parties hereto that the parties of the second part shall hold said property and the said parties of the first part harmless from all liens for all work, labor and materials, or any of them, done or furnished upon the property above described, and pay all liens which may attach thereto when due; provided, that in the event the amount of, or the validity of, any lien is disputed by the parties of the second part, they shall, at their own cost and expense, contest the same, paying all costs and expenses connected therewith, including attorney's fees, and shall not be obliged to pay such disputed lien until the same has been finally adjudged a lien against said land or a claim against the parties of the first part, or against the parties of the second part, either by operation of law or otherwise, and that in the event a lien is in process of litigation at the expiration of the term hereinafter mentioned, the parties of the second part agree to continue their obligation to pay the same.

It is further agreed between the parties hereto, that the party of the second part will pay for all labor and materials supplied on the premises above described, though such materials are not herein specifically set forth, and that all street and sidewalk work shall conform to the rules and regulations of the Board of Supervisors of the County of Los Angeles, and shall be subject to the approval of the Superintendent of Streets of said City of Los Angeles.

It is further agreed between the parties hereto that in the event the said parties of the first part shall sell any of the subdivisions or lots

comprising the premises above described, they shall be entitled to the regular commission of 5% on the first \$1,000, and at the rate of 2½% on all amounts in excess of said sum of \$1,000, such commission to be allowed them upon consummation of sale.

It is further agreed between the parties hereto that the parties of the first part shall be entitled to receive and retain, for their own use and benefit, all interest accruing on the notes and mortgages made in their favor as a part of the purchase price of said subdivisions or lots, and such interest shall not be taken to be, or deemed as, a part of the aforesaid sum of Eleven Thousand Dollars (\$11,000) to be paid to the said parties of the first part.

It is further agreed between the parties hereto that after the said parties of the second part shall have paid to the parties of the first part the sum of Eleven Thousand Dollars (\$11,000), net, as aforesaid, the parties hereto shall each receive one-half of the balance, whether in lots, monies or mortgages, or any or all of them, after said street work, expenses, advertising and commissions are deducted and when the same are fully discharged.

It is further agreed between the parties hereto that the parties of the first part shall make all conveyances or other instruments in writing as shall be necessary to effect such division, upon the request of said parties of the second part, after their final settlement with the parties of the first part, provided the parties of the second part shall have fulfilled on their part the covenants of this agreement.

It is further agreed between the parties hereto that time is of the essence of this agreement, and that the parties of the second part agree to complete the sale of the entire premises above described as soon as the same can reasonably be done, not to exceed three years from and after the tenth day of June, 1905.

It is further agreed between the parties hereto that the parties of the second part shall not assign, set over or transfer this contract, or any of the rights hereunder, to any person or persons without the consent in writing first had and obtained from said parties of the first part.

It is further agreed that all conveyances, and agreements to convey, shall be made only by the parties of the first part.

It is further agreed between the parties hereto that this contract is made on each and all of the said covenants and agreements, and the failure to comply with each and every one of the above covenants will immediately, at the option of the parties of the first part, work a forfeiture of this contract and terminate the same.

The covenants herein by which the respective parties have bound themselves shall bind their respective heirs, executors, administrators, assigns and successors in interest, and all reservations herein made and all benefits to accrue hereunder to the respective parties hereto shall inure to the benefit of their respective heirs, executors, administrators, assigns and successors in interest.

IN WITNESS WHEREOF, the said parties hereto have hereunto set their hands and seals the day and year first above written.

S. A. BELCHER.	(Seal)	JAMES R. BLACK,	(Seal)
SARAH BELCHER,	(Seal)	GEORGE L. WHITE,	(Seal)

FORM NO. 88—DECLARATION OF TRUST AS TO PROPERTY
CONVEYED TO TITLE COMPANY TO BE
SUBDIVIDED AND SOLD.

DECLARATION OF TRUST.

KNOW ALL MEN BY THESE PRESENTS, that, Whereas, there has been conveyed by Q. A. Sawyer, of the County of Los Angeles, State of California, to the Title Insurance and Trust Company, a corporation organized and existing under the laws of the State of California, and having its principal place of business at the City of Los Angeles, County of Los Angeles, State of California, the following described real property, situate, lying and being in the County of Los Angeles, State of California, to-wit: (Description of Property); and,

WHEREAS, the partial consideration for said conveyance, to-wit, the sum of Three Thousand Dollars (\$3000), has been paid to said Q. A. Sawyer by Hiram Tuttle and Ebenezer Strout, of the County and State aforesaid, hereinafter referred to as the beneficiaries hereunder, and no part of such consideration has been paid by the Title Insurance and Trust Company, and the said Tuttle and Strout are in fact the owners of said property, subject to the indebtedness owing by them to said Q. A. Sawyer as hereinafter mentioned and referred to:

NOW, THEREFORE, the Title Insurance and Trust Company declares that it Holds Said Real Property in Trust for the purpose of selling the lots in a subdivision of said property hereinafter mentioned and referred to, at prices not less than the schedule of prices hereto affixed and made a part hereof, and of applying and disposing of the proceeds arising from said sales in accordance with the terms of this instrument.

All deeds executed by the Trustee shall be substantially in the form of the said deed hereto annexed, marked "Exhibit A," and made a part hereof, and all agreements to convey shall contain like restrictions as in said deed contained.

The Trustee shall cause said property to be subdivided into lots and blocks, according to the map thereof attached hereto and made a part hereof, and dedicate to public use the streets and alleys of such subdivision and record said map in the office of the County Recorder of said County.

The monies received by the said Trustee from the sale of said property shall be applied and disbursed as follows:

To said Q. A. Sawyer, the sum of Five Thousand Dollars, as follows:

One thousand dollars on or before July 10, 1905; one thousand dollars on or before January 10, 1906; one thousand dollars on or before July 10, 1906; one thousand dollars on or before January 10, 1907, and one thousand dollars on or before July 10, 1907, together with interest

on said deferred payments, from date until paid, at the rate of seven per cent. per annum, payable quarterly.

Partial payments may be made by said Trustee to the said Q. A. Sawyer on the foregoing indebtedness from monies received from sales of said property upon the basis of the following schedule of prices:

(Copy of schedule.)

The balance of the monies received by said Trustee from the sale of each half block after the said Q. A. Sawyer shall have been paid for each half block respectively, according to the foregoing schedule of prices (such payments to said Q. A. Sawyer not to exceed in the aggregate the amount owing to him hereunder with interest), shall be applied and disbursed as follows:

To the expenses of the Trustee, in the recording of deeds necessary to vest the title to said property in the said Trustee, and to the fees for the recording of the map of the subdivision of said property, and to the charges of the Trustee in the execution of this trust, hereby fixed atper lot, and to the cost of certificates of title, hereby fixed atper lot, and for each additional lot included in the same certificate, and for the acknowledgment of each deed executed hereunder:

To the payment of the taxes levied, assessed or imposed on or against said property, not payable by purchasers thereof, save and except the taxes of the fiscal year 1905-1906:

To the expenses in surveying said property for the purpose of subdividing the same, and for improving the streets and for laying sidewalks thereon:

To pay five per cent. commission on all lots sold:

To pay advertising and other incidental expenses incurred in placing said property on the market:

All bills contracted shall be O K'd by said Tuttle and Strout, or either of them, for payment by said Trustee.

The remainder of the money so received by said Trustee shall be paid to the beneficiaries hereunder, as their interests therein may appear.

No conveyance shall be made unless at least one-fourth of the agreed price for such lot (which price shall in no case be less than the schedule price of such lot) shall have been paid in cash, and.....in..... months, and.....in.....months, and.....in..... months after date, with interest at the rate of.....per cent. per annum, payable semi-annually, the deferred payments to be secured by a mortgage on the purchased premises.

When the whole sum of Five Thousand Dollars, with interest thereon as herein provided, shall be paid, then and thereupon this trust as to the said Q. A. Sawyer shall cease and terminate and all the said real property remaining unsold, and all contracts, agreements, notes and mortgages in the hands of said Trustee, representing or securing the deferred payments upon the sale of any property made by it hereunder, shall vest in and belong to the said Hiram Tuttle and Ebenezer Strout, to whom,

upon the occurrence of such contingency, the same are hereby transferred and conveyed; provided, however, that if default be made in the payment of the monies to the said Q. A. Sawyer, within thirty days after the time hereinbefore mentioned for their payment, then and thereupon this trust shall cease and terminate and all of said property which has not been conveyed by said Trustee shall vest in and belong to the said Q. A. Sawyer, and all contracts and agreements in the hands of said Trustee shall also vest in and belong to the said Q. A. Sawyer, and all of said real property so remaining shall be conveyed to the said Q. A. Sawyer, and all contracts and agreements in the hands of the said Trustee shall be assigned to and delivered to the said Q. A. Sawyer, to whom, upon the occurrence of such contingency, the same are hereby assigned, transferred and conveyed, and all monies theretofore paid to the said Q. A. Sawyer shall be forfeited to him without recourse, as agreed and liquidated damages.

The schedule of prices may be changed at any time by the beneficiaries hereunder (save and except.....), their heirs and assigns; provided, in case said prices are diminished, such diminished prices shall not be less than the price to be paid to the said Q. A. Sawyer.

This trust shall not cease or terminate until the said Trustee shall have been paid its expenses as herein provided, and shall have been reimbursed for all monies which may have been expended in and about the execution of this trust.

The said Trustee may employ all of the beneficiaries of this trust and such other person or persons as it may deem best, as its agents in the sale of said property, and in the transaction of the business necessary to carry out the terms of this trust.

Every stipulation, condition and agreement herein shall inure to the benefit of the heirs, executors, administrators, successors or assigns of the respective parties hereto.

IN WITNESS WHEREOF, said Title Insurance and Trust Company has hereunto caused its corporate name to be subscribed and its corporate seal to be affixed, by its President and its Secretary, and said Q. A. Sawyer has hereunto set his hand and seal, this tenth day of January, A. D., 1905.

TITLE INSURANCE AND TRUST COMPANY.

By its President

By its Secretary

Q. A. SAWYER. (Seal)

We, the undersigned beneficiaries, do hereby certify and declare that the above and foregoing declaration of trust correctly sets forth and discloses the trusts upon which Trustee holds and shall hold said property.

HIRAM TUTTLE. (Seal)

EBENEZER STROUT. (Seal)

(Then follows schedule of prices, and "Exhibit A.")

CHAPTER XI.

HOW AND WHEN TO SELL.

• Sale Defined—Duty Assumed by Real Estate Broker—Is Entitled to His Commission Upon Producing Purchaser Able and Willing to Purchase on Vendor's Terms—Predicament of Vendor Who Does not Read Contract with Broker—Suggestion as to Equitable Contract—Advantage of Well-Kept Premises—Advertising the Place—Owner Insensible to Possibilities of his Own Surroundings—Owner Should Deal with Experienced, Well-Informed Broker—Best Time to Sell—Selling or Holding, Which?—Real Estate Business Very Uncertain if Loosely Conducted—Duty of Owner—Giving Options—Bill of Sale of Personal Property—Conditional Sales of Personal Property—Sales of Stocks of Merchandise in Bulk.

Sec. 140. A sale is a contract by which, for a pecuniary consideration, called the price, one person, called the seller, transfers to another person, called the buyer, an interest in property. The seller is also called the vendor and the buyer is called the vendee.

Sec. 141. A real estate broker or agent is one who makes a bargain for another and receives a commission for so doing.

Sec. 142. The duty assumed by such a broker is to bring the minds of the buyer and the seller to an agreement of sale, together with the price and terms on which the deal is to be made, and until he has done this, his rights to a commission do not accrue; but the agreement by the purchaser must be one that is valid and can be enforced. A deposit or payment on account made by the purchaser to the broker, is insufficient; a writing, signed by the party to be charged, is indispensable.

Sec. 143. To entitle a broker, who has been employed to negotiate a sale of real estate, to his commission as agreed upon with his principal, he must produce a purchaser able, ready and willing to purchase on the vendor's terms, and such purchaser must sign a binding contract to purchase on the vendor's terms. As soon as the purchaser has done this, the agent's right to his commission accrues, and such right does not depend upon the final acceptance by the purchaser of a conveyance to him of the property sold; nor does it depend on the vendor completing the sale.

Sec. 144. A written contract of purchase may be rendered unnecessary if the agent brings the vendor and the purchaser together, and the purchaser states to the vendor that he is able, ready and willing to complete the deal provided the vendor will make a conveyance to him of the property. In such case,

the agent has done all that he can do, and if the vendor, under such circumstances, refuses to complete the sale, he nevertheless will be compelled to pay the agent his commission. Where the broker has brought the parties together in this way, and they have agreed verbally upon the terms of the sale, it is necessary for them to enter into a written memorandum of sale, signed preferably by both of them, and reciting the price, terms and other particulars. Such agreement relates only to the deal between the parties, and if not entered into, will not affect the broker's right to his commission.

Sec. 145. The object of the vendor is to make a sale of his property, and the rule of law is that when a real estate broker has produced a contract, executed by a solvent purchaser, he is then entitled to pay for his services from the vendor, whether or not the trade is finally consummated; for, if the purchaser refuses to take the property, the vendor holds a contract which renders the purchaser liable for all damages including the commission paid by the vendor to the broker.

Sec. 146. A land owner entered into a written agreement with real estate brokers substantially as follows: "For and in consideration of the services to be performed by..... I hereby employ them as my sole and exclusive agents to sell for me that certain real property, situate in the county of, State of, described as follows." (Description.) "This employment and authority shall continue for the full term of thirty days and thereafter until withdrawn by me in writing; and I agree to pay said..... in the event of a sale by them or by anyone else, including myself, while this contract is in force, the sum of \$., as and for their compensation and commission hereunder." After the thirty days had expired, and without withdrawing this authorization, the owner made a sale, and the agents sued for the commission, which was granted by the courts. This land owner also sought to have the contract set aside on the ground of mistake, or fraud, alleging that she did not read the contract in its entirety before signing it; but the court said that a person who has the ability to read, and who fails to read a contract in its entirety before signing will nevertheless be bound by it; nor can such land owner rely upon the statements of the broker as

to the contents of the contract, as there is no relation of confidence existing between the owner and the broker. No law has yet been devised which will protect a person from the consequences of his own carelessness or ignorance.

Sec. 147. From the standpoint of equity, and of the agent sharing with the owner the contingencies of sale, the agreement between the vendor and the agent as to commissions should provide for :

- (1.) The price at which the agent is to sell and the terms.
- (2.) That the owner himself may make a sale without payment to the agent of commission.
- (3.) That the agent shall not be entitled to his commission until the transfer has been completed and the money paid over, and shall be payable out of the monies received from the sale of the property ; and if such monies be payable in installments, that the commission also be payable in installments.

(4.) That if the deposit made by the purchaser be forfeited to the vendor, the agent's commission shall be calculated only on the amount of such deposit. Form No. 90 seems to meet most nearly the requirements of the average sale.

Sec. 148. An experienced real estate man, who had spent a lifetime in selling farms, once remarked that a neat, well-kept yard added at least five hundred dollars, and sometimes as much as one thousand dollars, to the selling value of a farm. The same is true in a lesser degree of the yards of city lots. The neat, cozy, homelike appearance which prevails around some houses assists greatly towards making a sale, particularly when the wife of the prospective buyer comes to view the premises. The beauty of the ceiling or wall decorations oftentimes tends to make a sale. The chances of making a sale are lessened where the seller has to apologize at every step for the untidy appearance of the interior of the house. A coat of fresh paint on a weather-beaten house vastly improves its appearance, preparatory to a sale.

Sec. 149. If one wishes to dispose of a place by means of advertising, he can readily undertake the matter by placing an advertisement in the newspaper most likely to reach prospective buyers. Parties who have resided for a long time in a

certain place, do not realize the advantages of that place as well as do outsiders, and an advertisement gotten up by such a party is apt to be rather tame. Newspaper advertising at the present day, when so much of it is being done, requires experience and study to make it effective. A story is told of a man who became tired of living in a certain community and offered his farm for sale through a real estate broker. The broker advertised the property extensively and the following week it happened that this party read in a newspaper the broker's description of his place. He did not recognize the place from the description and asked his wife whose place it was. After considerable discussion, they discovered it to be their own place, the good qualities of which had been described by the agent in a way that had not occurred to them. The possibilities of their own surroundings were thus forcibly impressed upon them and the party withdrew the place from the market. A suggestion for an advertisement by an owner is shown on page 194. Real estate dealers prepare elaborate advertisements, a sample of same being shown on page 195.

Sec. 150. An investor will obtain more satisfactory results, either in selling or buying, if he deals with a real estate broker of experience and who is well acquainted with real estate values, and who has been in the business in one section for a considerable length of time. A broker who makes a specialty of a certain section of a city is often at sea as to values in another part of the city. The investor should consult the broker best acquainted with the section in which the investment is to be made.

Sec. 151. The best time to sell is when there are several buyers for the same property; that is to say, when the demand exceeds the supply. There is then no difficulty in making a sale. When one has bought a desirable property, he should determine immediately the price at which he will sell, as by adhering to the price he will be the more likely to obtain it, provided the price is reasonable.

Sec. 152. Where property is situate near the center of a large and growing city, it will always be a debatable question with the owner whether to sell or not to sell, with the weight of the argument in favor of not selling, provided the circum-

Be Wise! Notice! Look Here!

Buy—A Great Bargain—Now



We don't believe you can EQUAL THIS ONE for an

Ideal, Cozy, Convenient Home, and its Location especially recommends it. In Kingsville (Ashtabula Co.); Ohio,

one of the PRETTIEST little towns to live in you ever saw, only a few moments' ride on either the P. & O. ELECTRIC LINE, or the L. S.-M. S., or NICKEL PLATE R. R. or to drive it is delightful, and good roads always. KINGSVILLE is the FATHER of the "CENTRALIZATION SCHOOL PLAN"

Where ALL CHILDREN are brought into TOWN, receiving the SAME ADVANTAGES as do the town children, and this BEAUTIFUL HOME is located not over a BLOCK from this ELEGANT SCHOOL, or from the BAPTIST CHURCH and only two blocks from the METHODIST or PRESBYTERIAN CHURCHES. The TOWN IS IDEAL, the PEOPLE SPLENDID, and the home elegant and modern in EVERY SENSE OF THE WORD. Has NICE FURNACE, NATURAL GAS and ELEGANT FIXTURES throughout, fine LARGE PORCHES, PLATE GLASS WINDOWS and DOORS, GRATE and MANTEL FOR GAS, 10 ROOMS, all fine and NEWLY PAPERED, GOOD BARN, CHICKEN PARK, ICE HOUSE and 12 ELEGANT FRUIT TREES, all bearing; FINE CISTERN, with water in kitchen, BROAD, EASY OPEN STAIRS IN OAK and ALL FINISHED IN NATURAL WOOD THROUGHOUT. This is the most cozy and UP-TO-DATE HOME in the place. NOTHING LACKING. LOT 66x150, with elegant WELL OF SOFT SPRING WATER. BEST NEIGHBORS. Just a short distance from Lake Erie. Also

We have a BEAUTIFUL FARM of 70 acres just one-half mile south of the home. HIGHLY IMPROVED, with 30

ACRES SEEDDED to clover and timothy for this year's harvest, as well as GROWING WHEAT and RYE, and 15 acres for spring crops. Last year we raised the BEST CORN AND OATS IN OLD ASHTABULA CO. on this place. SEED now FOR SALE. It also contains 20 acres of the BEST PASTURE, with 300 ELEGANT MAPLE TREES, constituting one of the best "SUGAR BUSHES" IN THE CO., with a good SUGAR HOUSE and BARN and well of FINE WATER. Farm just CLEANED AND UNDERBRUSHED and FENCED. This is one of the OLD and PROSPEROUS and WELL KEPT FARMS. ALL KINDS OF SOIL. You can raise anything on it—EVEN MORTGAGES. We will sell ANY NUMBER OF ACRES, or all, of this farm with the above home, or the HOME, or FARM SEPARATE. Immediate possession, if desired. We will name a CASH PRICE that will surprise you, or will sell on any terms suitable. We are in Ashtabula, where business prevents us from longer occupying the place, our only reason for selling. Don't delay. Don't look farther. Come and see me; don't write unless you mean business. Will also sell part of our household goods, if desired. All new. Address or call on

189 Main-st

Dr. C. A. Thatcher Ashtabula, O.

THE DOOR IS CLOSING ARE YOU INSIDE?

OPPORTUNITY



IF NOT GET IN

On This Unparalleled Opportunity

Remember, we are aiding everybody who would like to get a LOT in our allotment on

GOODMAN and FORCE-STs

by paying them a day's wages (not to exceed \$3) for the time they might have to lose securing one of these unequalled HOME SITES

Prices of
Lots

\$200

and up.
Nothing over \$450.

Water, Gas,
Stone
Sidewalks
and
Shade Trees

We Are Closing This Door of Opportunity

Don't Fail to Get In

Go to the Allotment on Sunday

TO GET TO THE ALLOTMENT TAKE BROADWAY CAR. get off at Warner Road, go two blocks to the right on Warner Road to Goodman-st. OUR ALLOTMENT OFFICE IS 100 GOODMAN-ST.

If you can't go Sunday, come to our office in the New England Bldg. We are open until 9:30 Saturday and Monday evenings.

THE KING REALTY CO.

1101 New England
Building

stances of the owner permit of his caring for the taxes and street assessments, if the property is unimproved. In 1626 the Dutch purchased Manhattan Island, on which is situate the City of New York, for twenty-four dollars. The surrounding country was not then considered worth buying. Today the value of the land and buildings of the city of New York is not less than four billion, five hundred million dollars. This is at the rate of one hundred and twenty-five thousand dollars an acre, and there are sections on lower Broadway that could not be bought for a thousand times that price. Thirty-five years since, the owner offered a lot adjoining the corner of Fourth and Hill streets, Los Angeles, to a friend, free of cost, provided the latter would erect a house, and was laughed at. The corner was recently sold for one hundred thousand dollars. Many who are wealthy today have become so through judicious investments in real estate made by their ancestors.

Sec. 153. The business of a real estate broker, if loosely conducted, is the most uncertain business in the world. He may expend considerable time, and some money for advertising, on the strength of a verbal promise from a property owner, and may sell the property at the price asked by the owner, take a deposit, and have the purchaser sign a contract of sale, only to be informed by the owner, when the latter is asked to sign the contract by way of ratification, that the owner has decided not to sell. The broker is placed in an embarrassing position and the would-be purchaser is disgusted. If the broker brings, or sends, a number of persons to view the property, the owner obtains an enlarged idea of the value of the property, and, although in other matters his word may be as good as his bond, he violates his promise to the broker with impunity. If an owner really wishes to sell, that end will best be served by his giving a reliable real estate broker the exclusive agency in writing for the sale of the premises, for say sixty to ninety days, at a fixed, but not prohibitive, price. The broker can then spend money freely in advertising and can approach a customer confidently and with the assurance that he can deliver the property—a state of mind that is helpful in making a sale.

Sec. 154. Real estate brokers, in some cases, take written

options on property for a certain time and at a fixed price, paying the owner a small consideration therefor. Any increase in the value of the property while the option is in force, belongs to the broker if he exercises the option. When trading is brisk, an owner is disinclined to give an option, as he wishes to realize the full value of his property.

Sec. 155. Agreements of conditional sale, sometimes called leases, are made where it is the intention that the title to personal property, which is delivered at the time of the execution of the contract, shall not pass from the vendor to the vendee until the performance by the vendee of some condition. A purchaser of personal property from a person to whom the same is delivered under an executory contract of sale gets no valid claim to the property. An absolute promise to pay does not necessarily render the sale itself absolute. (See Form No. 92.)

Sec. 156. Where the sale, assignment or transfer of a stock of goods in bulk, such as the contents of a store, is made, the vendor must execute and acknowledge a notice, as per Form No. 93, and the same must be recorded in the office of the County Recorder. The sale cannot be consummated until five days after the notice is recorded. Wholesalers and jobbers receive from mercantile agencies daily reports of instruments placed of record affecting merchants, and by requiring the vendor's notice of sale to be recorded, the creditors of shop-keepers have notice of contemplated transfers of stocks of goods. If the notice is not recorded, the sale is presumed to be fraudulent, and the purchaser will be held for any unpaid bills relating to the goods. It is of the interest of every purchaser of goods in bulk, in California, to see that this law is complied with.

Sec. 157. Where a sale is made of personal property, such as household goods, animals, or store fixtures, either in connection with or independent of, real estate, a bill of sale of same should be made, as per Form No. 91.

FORM NO. 89—OWNER'S AGREEMENT WITH AGENT.

LOS ANGELES, CAL.....190...

To. Messrs.....

I hereby employ you as my sole agents for.....days from date,

and thereafter until withdrawn, for the purpose of negotiating a sale of the following described property, upon the following terms:

(Description.)

And in case of such sale being made by or through your efforts, I agree to convey said property by good and sufficient deed to the purchaser, and I agree to pay as a commission and full compensation for services rendered by you, five (5) per cent on the first one thousand dollars (\$1000.00), and two and one-half (2½) per cent on the remainder of such sum as I may accept as purchase price. If property is sold by me, or through some other agency, I agree to pay you one-half of said commission. Commission to be paid out of the first money received as purchase price, or in case of an exchange, as soon as the exchange is agreed upon. In case I desire to change my price, or wish to withdraw this property, after expiration of period specified above, I agree to give you.....days notice of same in writing.

I also agree to furnish at my expense, an unlimited certificate of title, to the satisfaction of the purchaser, showing my title to be good.

In case of exchange, I have no objection to your acting as agent also for the other party, nor to your demanding and accepting from him proper compensation for services so rendered.

Name (Seal)

Address

Telephone.....

FORM NO. 90—AGENT'S AGREEMENT OF SALE.

Los Angeles, Cal.....190..

Received from the sum of \$..... as a deposit on account of the purchase of the following described real property situate in the.....County of Los Angeles, California, namely:

.....
which property saidagrees to buy for the sum of \$....., payable as follows:

.....
Said deposit to be applied as part of the first cash payment if sale is completed. All payments to be made at the office of, in United States Gold Coin.

This sale is made by us as agents for, the owner, and subject to.....approval. If so approved, it is part of the contract of sale that the owner shall convey the premises by deed of grant free from encumbrance, except..... and that the owner will furnish within.....days from date an unlimited certificate of title of the Title Insurance and Trust Co., or of the Title Guarantee and Trust Co., of Los Angeles, showing the title to be in the vendor free from incumbrance, except as above excepted.

If the title shall be found defective, the owner shall have thirty days from the date of the discovery of the defect to perfect the title. If the owner shall need any part of the purchase money to extinguish existing in-

cumbrances, then.....shall deposit.....deed and the purchaser shall deposit the purchase money with the company whose certificate is to be furnished, with authority to extinguish the liens and incumbrances, provided that by so doing, and by the delivery and recording of the deed, the title will become vested in the grantee.

Said deposit shall be held by....., as agents for both parties. If the owner cannot convey said property as herein provided, within..... days from date, said deposit to be returned to the purchaser, and if the purchaser does not complete the purchase within ten days after notice from the owner of his ability and readiness to convey said property as herein provided, then the owner may retain said deposit as liquidated damages, and said agents shall thereupon pay said deposit, less their commissions. to the owner.

Time is made of the essence of this agreement.

.....Agents.

We hereby agree to all the conditions herein contained.

.....OwnerPurchaser
Address.....	Address.....
Telephone.....	Telephone.....

FORM NO. 91—BILL OF SALE.

BILL OF SALE.

KNOW ALL MEN BY THESE PRESENTS, that I, George W. Breed, of Los Angeles, County of Los Angeles, State of California, the party of the first part, for and in consideration of the sum of fifty dollars, gold coin of the United States of America, to me in hand paid by....., of the same place, the party of the second part, the receipt whereof is hereby acknowledged, do by these presents grant, bargain, sell and convey unto the said party of the second part, his executors, administrators and assigns, the following described personal property, to-wit:

To Have and to Hold the same to the said party of the second part, his executors, administrators and assigns, forever. And I do for myself, my heirs, executors and administrators, covenant and agree to and with the said party of the second part, his executors, administrators and assigns, to warrant and defend the sale of the said property, goods and chattels hereby made unto the said party of the second part, his executors, administrators and assigns, against all and every person and persons whomsoever, lawfully claiming or to claim the same.

In Witness Whereof, I have hereunto set my hand and seal the tenth day of December, in the year of our Lord one thousand nine hundred and five.

GEORGE W. BREED. (Seal)

FORM NO. 92—AGREEMENT OF CONDITIONAL SALE OF PERSONAL PROPERTY.

THIS AGREEMENT, made this.....day of.....A. D. 190... between.....of....., the party of the first part, and....., of....., the party of the second part,

WITNESSETH: That said party of the first part has delivered, and said party of the second part has received, the following described personal property, to-wit: (Description) of the value of \$....., whichthe party of the second part is to keep in like good order, and for the use of which the party of the second part is to pay the sum of \$..... (same amount as above) as follows: \$..... upon the execution and delivery of this agreement, the receipt whereof is hereby acknowledged, same being accepted as a payment for the first month only, and thereafter at the rate of \$..... per month, payable monthly in advance on the.....day of each month, at the office of the party of the first part, without notice or demand, together with interest at the rate of.....per cent per annum on all amounts unpaid after becoming due, until paid.

That the said party of the first part will, at the end of said term, sell and convey to said party of the second part, the said goods and chattels for and in consideration of the sum of.....dollars, and will execute to the said party of the second part a bill of sale thereof.

Said party of the second part hereby agrees to keep said property insured for three-fourths of its value for the benefit of the said party of the first part.

It is further agreed, that the said goods and chattels shall not be removed from the premises now occupied by said party of the second part during the continuance of the above mentioned lease without the written consent of the said party of the first part.

It is further provided, that a failure to pay any or either of the aforesaid sums of money when and as the same shall become due, or any removal or attempted removal of said goods and chattels from said place without the written consent of the said party of the first part, shall make void this lease and agreement at the option of the said party of the first part; and the said party of the first part shall have the right to retake said goods and chattels, and may enter and retake possession of the same at maturity of any payment, or any time thereafter, or upon the failure to make such payments, or upon the violation of the terms of said lease in any manner whatsoever, and may retain any or all sums of money paid on this agreement and lease as damages for any injury to said property and for the use of same, and for expenses in moving and taking possession thereof; and said party of the second part does also hereby waive all right of homestead or other exemptions under laws of said state, as against this obligation.

IN WITNESS WHEREOF, The said parties have hereunto set their hands and seals the day and year herein first above written.

.....(Seal)

.....(Seal)

FORM NO. 93—VENDOR'S NOTICE OF SALE OF GOODS IN BULK
VENDOR'S NOTICE OF SALE.

To Whom it May Concern:

NOTICE IS HEREBY GIVEN, That the undersigned.....
intend... to sell to.....all that certain stock of
merchandise consisting generally of.....belonging to
said.....and located at.....County, California,
and that a transfer and assignment of the same will be made, and the pur-
chase price thereof will be paid, on.....the.....day of.....
190...at.....County, California, at.....o'clock....M. That
the address of said vendor is.....County, California, and
the address of said vendee is.....County, California.

Dated.....190...

.....Vendor.

(Acknowledgment.)

CHAPTER XII.

BOOMS AND PANICS.

Close Relation Exists Between the Buying and Selling of Real Estate and Booms and Panics—Boom First Affects Personal Property, then Real Estate—Seasons of Unexampled Prosperity Indicate Impending Storm—Crises Occur in Cycles—Symptoms of Booms and Panics Vividly Portrayed—The Office and Utility of Speculation.

Sec. 158. There is a close relation between the buying and selling of real estate and the occurrence of booms and panics. When manufacturing becomes more brisk, after a season of quiescence and dull prices, speculative trading at first is confined to stocks and bonds. This sort of personal property passes from hand to hand by endorsement and delivery, and is subject to much fluctuation in value, and for these reasons is specially adapted to speculation. Legitimate enterprises, at greatly inflated values, are at first exploited by heavy operators, and the stocks of these are so readily floated, that the major portion of the investing public, under the stimulus of intense excitement and a gullible frame of mind caused by the report of large profits, becomes educated into buying almost anything that is offered, until finally some of the subsequent exploitations of the lesser operators have so little stability that exposure inevitably follows. Investors by this time have a dark brown taste in their mouths and in their deposit boxes have sufficient stock certificates, if spread out, to cover the walls of a small room, and are fortunate if they are not deprived, by means of an assessment, of whatever rights they have in such certificates.

Sec. 159. The fever of speculation in personal property having spent its force, real estate next receives the attention of the speculative investor. During the period of excitement in personal-property trading, real estate remained dormant, and the real estate dealer became a stock broker. As a stock broker and as a promoter of new enterprises, he could not always proceed with that intimate knowledge of the business so necessary to success, as more than one real estate dealer found to his sorrow when he attempted to float the stock of, and manage, an oil company during the late boom in oil stocks. When the tide turned in favor of real estate, the dealer gladly sought his former calling. So long as everyone was clamoring

for stocks and bonds there was no demand for real estate, and consequently prices were low. Some one or more individuals who had passed through similar experiences, and who realized that the fever of speculation would change from one species of property to another, took note of the tendency in affairs, and purchased at a low price and on easy terms some very desirable piece of income property and the purchase was duly heralded in the newspapers. While everyone was intent on buying personal property, few improvements in the way of building had been made; the population had increased and rents were low; modern and more costly building improvements are in demand both for residence and business purposes; building commences and the new buildings are quickly occupied at remunerative rentals; investors are thus encouraged to buy and build and a movement in real estate is inaugurated. "In speculation as in most other things," says one writer, "one individual derives confidence from another. Such a one purchases or sells not because he has any particular or accurate information in regard to the state of supply and demand, but because some one else has done so before him." Close-in acreage property is next sub-divided and placed on the market, and as money is readily made in handling sub-divisions, other and more remote tracts are sub-divided until the last of them are miles from the center of the city. New improvements erected in the center of the city at the same time create a demand for properties on certain close-in streets, and prices advance rapidly, and if there is sufficient excitement attending the transfers, the movement in real estate attains the height of a veritable boom. Confidence in his own powers of judgment should render a man prudent, however, in the midst of speculation and excitement, and cause him to withdraw from the madding crowd when he realizes that prices have exceeded the limit of value and safety.

Sec. 160. Washington Irving asserts that those calm, sunny seasons in the commercial world which are known by the name of "Times of unexampled prosperity," are sure weather-breeders of traffic. "Every now and then," he says, "the world is visited by one of these delusive seasons when the 'credit system,' as it is called, expands to full luxuriance;

everybody trusts everybody; a bad debt is a thing unheard of; the broad way to certain and sudden wealth lies plain and open; and men are tempted to dash forward boldly, from the facility of borrowing. Promissory notes, interchanged between scheming individuals, are liberally discounted at the banks, which become so many mints to coin words into cash; and as the supply of words is inexhaustible, it may be readily supposed what a vast amount of promissory capital is soon in circulation. Every one now talks in thousands; nothing is heard but gigantic operations in trade; great purchases and sales of real property, and immense sums made at every transfer. All, to be sure, as yet exists in promise; but the believer in promises calculates the aggregate as solid capital, and falls back in amazement at the amount of public wealth, the 'unexampled state of public prosperity.' Now is the time for speculative and dreaming or designing men. They relate their dreams and projects to the ignorant and credulous, dazzle them with golden visions, and set them madding after shadows. The example of one stimulates another; speculation rises on speculation; bubble rises on bubble; everyone helps with his breath to swell the windy superstructure, and admires and wonders at the magnitude of the speculation he has contributed to produce. Could this delusion always last, life would indeed be a golden dream; but it is as short as it is brilliant. Let but a doubt enter, and the season of 'unexampled prosperity' is at an end. The coinage of words is suddenly curtailed; the promissory capital begins to vanish into smoke; a panic succeeds and the whole superstructure, built upon credit, and reared by speculation, crumbles to the ground, leaving scarce a wreck behind.

"When a man of business, therefore, hears on every side rumors of fortunes suddenly acquired; when he finds banks liberal and brokers busy; when he sees adventurers flush of paper capital and full of scheme and enterprise; when he perceives a greater disposition to buy than to sell; when trade overflows its accustomed channels and deluges the country; when he hears of new regions of commercial adventure; of distant marts and distant mines swallowing merchandise and disgorging gold; when he finds joint stock companies of all

kinds forming; when he beholds the streets glittering with new equipages, palaces conjured up by the magic of speculation, tradesmen flushed with sudden success and vying with each other in ostentatious expense; in a word, when he hears the whole community joining in the theme of 'unexampled prosperity,' let him look upon the whole as a 'weather-breeder,' and prepare for the impending storm."

Sec. 161. Observers who have made a study of the matter, claim that booms and panics occur in cycles. Professor Levi says: "The most confident advocates of the theory of periodicity assign to these cycles a definite or nearly equal duration of ten or twelve years. According to John Stewart Mills, this cycle is divided as follows: After each panic or crisis the first three years will witness diminishing trade, lack of employment, falling prices, a lowering rate of interest and very considerable distress. Then will be three years of active trade, slightly rising prices, fair employment, improved credit. Then will come three years of unduly excited trade, in which speculation will be rife, prices will rise rapidly, and an unusual number of new enterprises will be begun. The tenth year will be one of crisis, followed by three years of depression."—(Burton's Financial Crises.)

Sec. 162. The following is from a paper read by Mr. L. M. Holt before the Editorial Association of Southern California, and sets forth in striking language the leading features of booms and panics:

A boom is a convalescent panic. A panic is a bursted boom. The business interests of the country are always either on the up grade or on the down grade. The credit system for the transaction of business is responsible for both the boom and the panic. If all business was done on a cash basis, there could be no panics; neither could there be any booms. A boom is a speculative condition of the market during advancing prices. A panic is the condition of the market after prices have reached the highest point possible, and have begun to recede. If no one was in debt for his property—real or personal—at the time that prices began to drop there could be no panic, for each individual would still own his own property and it would make no difference to him whether it was worth one

thousand or five thousand dollars. If, however, he owned property valued at five thousand dollars and was in debt for it to his neighbor to the extent of three thousand dollars, and its market value should drop to two thousand dollars, it would require the entire property and an additional one thousand dollars to pay the neighbor, and the man's interest in the property would be entirely wiped out. This would be a panic for the man—in fact it would be pretty near a panic for both of them.

Panics and booms are governed by the law of supply and demand. During a boom, the demand exceeds the supply; during a panic, the supply exceeds the demand.

There is a general feeling, however, when prices are very low and times are hard and there seems to be no bottom to the market, that the world has reached a point in its history where prices can never come up again. And then again when prices are up and continually advancing and there is a veritable boom, the feeling is very general that good times will always continue and that hard times will never come again. Both positions are wrong. Prosperous times are always followed by panics, and panics are always followed by prosperous times again.

After every panic, there is a time when prices of all kinds of property reach bedrock. It does not require any great amount of wisdom to convince a man that then is the time for him to buy property; for prices must advance. Prices advance because everybody thinks that it is a good time to buy and many commence buying; therefore, the demand for property is great. This demand causes a further advance in prices and the further advance in prices causes a still greater demand. This condition of affairs continues until prices reach a point beyond which they cannot go higher. The higher prices go, the faster they advance, and the faster they advance, the higher they go. This is a boom.

Finally the climax is reached and everybody knows it. Each individual thinks he is smarter than anyone else. He has discovered that the climax is reached, and he proposes to sell at top prices before any one else finds out the real condition of the market. In fact, in order to be sure of success in this position, he proposes to sell at a shade less than the real

market price. He suddenly discovers, however, that he cannot sell on that basis. Others are trying to do the same thing. Each one begins to cut the price still more and more in his vain effort to sell, and the more they cut the price the more they cannot sell. The supply exceeds the demand. This is a panic.

Panics and booms are the result of laws governing trade. An individual cannot make a panic; neither can he stop one. He might just as well attempt to manufacture a Kansas cyclone, or stop such a cyclone when he sees it coming. Such a cyclone is the result of laws over which human beings have absolutely no control. So is a panic.

After a panic, when prices have reached the lowest point possible, and they begin to advance again, it is strange how long it takes the general public to realize the fact that an advance is really being made. The recovery from a panic is slow; the convalescence is gradual; it comes like a thief in the night—or like the falling of the gentle dew.

When the climax of high prices is reached and prices begin to drop again, there is no ambiguity as to the real condition of the case. The drop comes with a dull, sickening thud—like a thunder clap out of a clear sky.

During the period of business activity preceding a boom, speculation is at first confined to all kinds of personal property. Fortunes are made in stocks. Millionaires are made in a day. Great combinations of capital are formed. The heavy operators are the first to take advantage of the situation. Smaller operators come next and finally the general public conclude that any one can make money by speculating and not half try. All that is needed is a little money, some credit and unlimited nerve. Real estate is the last thing to be affected by a speculative period. After real estate speculation, comes the deluge. When real estate speculation has reached a giddy height, it is time for the cautious citizen to build his ark.

Sec. 163. In closing, the views of writers on economic subjects are given as to the office and utility of speculation.

“Speculation is the warfare of science, equipped with the

knowledge of known forces, against the barbaric dominion of chance." (Cohn.)

"Speculation, though at first pursuing its own interests, has contributed more than any prince, minister, philosopher or philanthropist to provide Europe with the means of communication, to regulate commerce, to give more solid and real character to business, to keep down the rate of interest, to extend and consolidate credit, to limit usury, and to make fraud more uncommon." (F. A. Lange.)

"Knowledge of the future is profitable for trade, and is of supreme importance for the public good. To secure this profit and advantage is the aim of speculation." (Faucher.)

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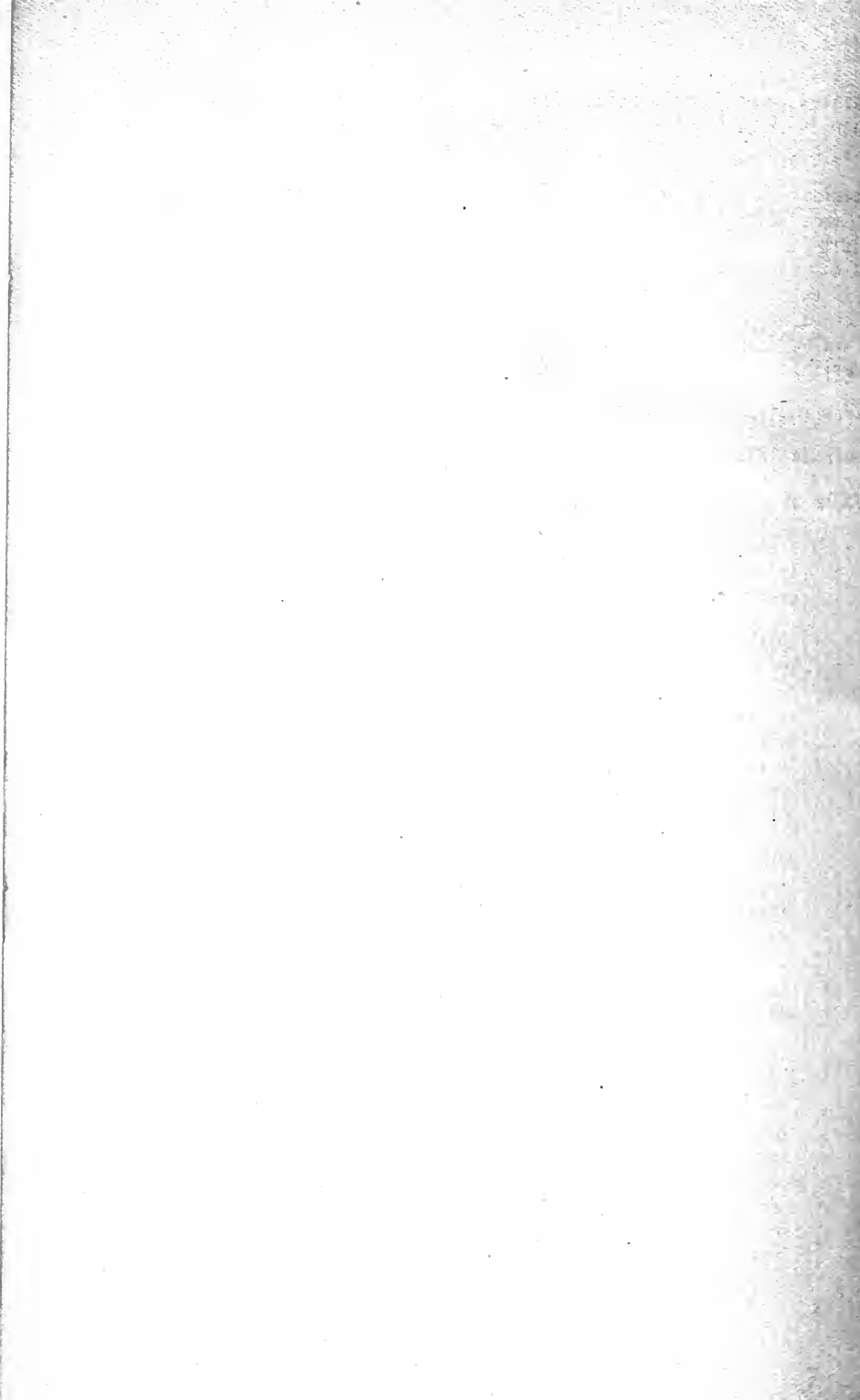
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